

The Global Newspaper Edited and Published in Paris. Printed simultaneously in Paris, London, Zurich, Hong Kong, Singapore, The Hague, Marseille, New York, Rome, Tokyo.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

No. 32,872

44/88

PARIS, TUESDAY, NOVEMBER 1, 1988

ESTABLISHED 1887

Kohl Misstated Soviet Pledge

He Apparently Exaggerated Political Prisoner Plan

By Robert J. McCartney
Washington Post Service
BONN — Chancellor Helmut Kohl overstated Soviet willingness to free political prisoners during his trip to Moscow last week, and the glitch apparently resulted from a communications breakdown between him and Foreign Minister Hans-Dietrich Genscher, government sources said Monday.
The sources also said that the Kohl administration had stepped up a diplomatic campaign, targeting the Soviet Union in preparing laws that will make it easier for citizens to emigrate, according to Justice Minister Boris V. Kravtsov. Page 2

ed mainly at the United States and Britain, on behalf of Soviet proposals for a human rights conference in Moscow in 1991 and for a summit meeting on European conventional forces.
West Germany is carefully staying within the boundaries of the North Atlantic Treaty Organization's positions on Moscow's initiatives. But it is openly responding more positively than the United States or Britain to proposals now at the center of

what is frequently called the Soviets' continual "charm offensive" in Western Europe.
Signs have accumulated that Mr. Kohl erred in saying at a news conference Wednesday that the Kremlin was ready to release all people regarded by the West as political prisoners by the end of the year.
In fact, the Soviets' assurances were considerably less sweeping, government sources said.
The Soviets apparently meant that they would release people held under two Soviet legal articles, the sources said. Western countries, however, also consider political prisoners to include some people confined in mental institutions and those held in cases related to religious beliefs.
The Soviet foreign minister, Eduard A. Shevardnadze, reaffirmed Mr. Genscher's earlier position that steps would be taken so that no one in the West would be able to say by the end of the year that the Kremlin was holding political prisoners, the sources said.
The Soviets have said that the number to be released is in the dozens, while the United States

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Poland to Close Lenin Shipyard

Over Objections From Solidarity

By Jackson Diehl
Washington Post Service
WARSAW — The Polish government announced Monday that it was closing the historic Lenin shipyard in Gdansk, the birthplace and stronghold of the Solidarity trade union. The move appeared likely to touch off a new conflict with the banned movement.
Prime Minister Mieczyslaw Rakowski, who has steered the Communist leadership away from an incipient dialogue with the opposition, portrayed the liquidation of the sprawling, century-old complex as an economic decision.
But Solidarity leaders interpreted the action, due to take effect Dec. 1, as a blatant political provocation. Activists in Gdansk said workers could strike when the shipyard resumed to work Wednesday after a two-day holiday.
Lech Walesa, the Solidarity leader, who works in the shipyard, called the decision "a personal provocation of Prime Minister Rakowski against the birthplace of Solidarity." Mr. Walesa, an electrician, led the 1980 strike at the facility that ended with the creation of the Soviet bloc's first free trade unions.
The shipyard and its 9,000 workers became the focal point this year for two waves of anti-government strikes that swept the country in April and August. As in 1980, the image of the Lenin shipyard's main gate draped with Solidarity banners, crucifixes and flowers was broadcast around the world and offered a symbol of the union's idealistic, nonviolent struggle.
Mr. Walesa agreed to end the second strike only after Communist authorities promised to hold talks to consider making Solidarity legal again. He had difficulty persuading the militant and mostly young core of strikers to give up the protest. Finally, the union chief pledged he would lead a new strike

if the authorities backed away from their commitment.
The closure announcement appeared to signal a government decision to retake the offensive against Solidarity rather than seek agreement. Plans for broad negotiations between the government and the opposition stalled last week after authorities backed down from several procedural agreements and insisted on banning two members of Solidarity's delegation.
In an interview Monday with the British Broadcasting Co., Mr. Rakowski said he expected his decision could lead to a conflict. But he said, "Even if there are some troubles, it's not my biggest problem. My biggest problem is to make the economy more healthy."
Mr. Rakowski denied that his move was politically oriented. "It has nothing to do with Solidarity," he said.
Instead, he said, the closure was a step toward restructuring the economy mandated by the Lenin shipyard's losses. "If someone wants to make the Polish economy more healthy," he told the BBC, "he has to start with very strong steps."
The government has frequently announced its intention to shut down some of the hundreds of unprofitable state industrial enterprises. The new minister of industry, Mieczyslaw Wilczek, said last week that he had asked his staff to draw up a target list of 150 companies to be closed.
The Lenin shipyard is the first major industrial firm whose closure has been announced. Its losses in 1987, 1.7 billion zlotys (\$65 million), were considerably less than those of the nearby Paris Commune shipyard in Gdynia as well as many other industrial firms. Economists and government economic reports say the most unprofitable and heavily subsidized Polish companies

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Imelda Marcos Pleads Not Guilty in New York Court

Imelda R. Marcos, accompanied by security guards, leaving her hotel Monday for arraignment at U.S. District Court. She pleaded not guilty to racketeering charges. The indictment accuses her and her husband, Ferdinand E. Marcos, the former Philippines president, of misappropriating \$268 million to buy New York real estate. Bail was set at \$5 million, and the judge ordered her to remain in New York until the bail package was approved. The Marcoses face 50 years in prison. Page 6.

Labor Fears Backlash at Polls

After Attack on an Israeli Bus

By Joel Brinkley
New York Times Service
JERUSALEM — The Israeli Labor Party realized its worst nightmare on this election eve as millions of voters prepared to go to the polls on Tuesday with their heads filled with the images of a father grieving over the deaths of his wife and three babies, who were killed Sunday night in a firebomb attack.
The Labor Party canceled all 15 of its final campaign appearances scheduled for Monday as a sign of mourning for Rachel Weiss, a 26-year-old elementary school teacher, and her three children, aged 3, 2 and 10 months.
They were burned to death when Arabs ambushed a bus with five firebombs just outside the West Bank town of Jericho.
The army arrested three Jericho residents who military officials said confessed to the attack, telling interrogators they planned it several days ago. The army said only that they belonged "to a local organization."
Their homes were destroyed, and on Monday afternoon the military used bulldozers to uproot olive trees along the side of the road where the attack occurred.
Political figures of the left and the right began discussing instituting the death penalty for crimes such as this one, Israel has no death penalty now.
Defense Minister Yitzhak Rabin said Monday he had learned that an army vehicle had passed the spot of the ambush, just outside the West Bank town of Jericho, moments before the civilian bus was bombed.
Since the ambushers made no attempt to attack that vehicle, he said, "there's no doubt the murderers meant to strike civilians."
Mr. Rabin made no predictions about how the attack would affect the elections. But several weeks ago, referring to such attacks in general, he said: "I learned a long time ago that Arab extremism only feeds the Israeli right extreme."
Amnon Rubenstein, leader of the small leftist Center-Shinui Party, said, "This is the best gift that the extreme right could receive on election day."
Polls as late as last Friday showed the Labor Party and the Likud bloc caught in a tie. Surveys have shown a virtual tie since late summer, but analysts have said all along that an event such as this on election eve could break the deadlock.
After eight Israeli soldiers died in a car bomb attack in southern Lebanon earlier in the month, analysts predicted that Likud would benefit. Israeli newspapers reported Monday that Labor Party polls

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Kiosk

U.S. Eases Ban On Pyongyang

WASHINGTON (AP) — The United States relaxed trade, travel and diplomatic restrictions against North Korea on Monday to support South Korean efforts at easing tensions on the peninsula.
A spokesman for the State Department, Charles E. Redman, said the United States would encourage unofficial, nongovernmental visits from North Korea in academics, sports, culture and other areas.
He said that groups traveling to North Korea by Americans would be considered case by case.

General News

Moscow reported reaching a partial border accord with Beijing. Page 2.

Business/Finance

Shares of Kraft Inc. surged after the company agreed to a \$13.5 billion takeover. Page 9.

Down	The Dollar
1.24	1.7883
	DM 1.7885
	Yen 125.678
	FF 6.0975

A Reagan Legacy: More Younger Voters Turning to Republican Party

They Like the Oldest President's Tax and Foreign Policies

By E.J. Dionne Jr.
New York Times Service
WASHINGTON — It is said that the future belongs to the young, which gives the Republican Party a lot to look forward to.
Whoever wins the 1988 presidential election, the Republican Party has made major strides in this election year and in the previous seven, not only holding but expanding its advantage among young people, largely because of the appeal that Ronald Reagan, the nation's oldest president, holds for the young.
Younger voters are poised to vote heavily for Vice President George Bush, and their long-term inclinations represent the party's best hope of escaping the minority status it has held since the New Deal.
At the heart of the long-term Republican gains is the personality of Mr. Reagan. But what began as a love affair with Mr. Reagan — whom young voters vastly preferred over Jimmy Carter, the other president they know — has deepened into a marriage between many younger people and the Republican party.
With that alliance, many young people have come to accept the word conservative, though not necessarily for all the ideas connected with it. The young tend to favor low taxes, but they favor government programs more than their elders do. While they tend to support Mr. Reagan's assertive foreign policy, they are wary of his conservative social agenda.
What is clear from a study of the responses by more than 3,000 young voters interviewed by The New York Times-CBS News Poll in the autumns of 1980, 1984 and 1988, is that young people have decidedly shifted their allegiances, to the Republicans' benefit. In

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For Dukakis, a Metamorphosis to Populist From Technocrat
By T.R. Reid
Washington Post Service
FRESNO, California — Governor Michael S. Dukakis has taken another step in his October transition to fiery populist from moderate technocrat by embracing the word "liberal," and in his campaign entourage, there is a strong sense that something important has happened to the candidate and his chances in the past several days.
Over the weekend Mr. Dukakis challenged Vice President George Bush to a televised debate the night before the election on the meaning of the word "liberal."
"Yes, I am a liberal in the tradition of Franklin Roosevelt and Harry Truman and John Kennedy," the Democratic presidential nominee had said on Sunday from the rear platform of the Amtrak train he rode on a whistle-stop tour through the rich produce fields of California's Central Valley.
At a news conference in Fresno, Mr. Dukakis, appearing buoyant, said he would defend the "traditional meaning" of the term "liberal." It refers, he said, to "someone who cares about average people" but "knows you have to pay your bills."
He said that was the "real meaning" of the class-oriented tone of his campaign speeches in recent days, and he challenged Mr. Bush's statement that his populist message could "divide the country."
If Mr. Bush "wants to talk about this," Mr. Dukakis said at the railroad station in Fresno, "I'd be happy to meet him face to face."
Noting that both campaigns have purchased a half-hour of television time for

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Dubai's Task: Melding Old and New

By Alan Cowell
New York Times Service
DUBAI, United Arab Emirates — With grass seed from Georgia and around \$10.5 million, the rulers of this emirate on the Gulf have turned the desert green to create what is said to be the only all-grass, 18-hole championship golf course in the Arab Middle East.
For a few million more, they have built what is said to be another first: a hospital for falcons, where computer chips implanted in feathered patients list their medical records. They have brought a little hi-tech to their camel races, too, equipping stimulative jockeys with radios to receive their trainers' instructions, and bolting rider to beat with Velcro fastening, instead of ropes.
Thus, in part, does old meet new and West muddle East in a place that used to be called the Pirate Coast — a place that now, with money from oil, is striving for a new reputation embracing industry and modernity.
Like other spots along the Gulf, however, the oil money has telescoped history so that an ancient place of traders and pearlers, now a glitter of newness, even boasts its own ice-ink. Some think traditions have been eroded. Yet, new technologies have been enlisted in part to exploit modernity's perceived benefits and, in part, to revive old ties between rulers and ruled.
For centuries the Gulf emirates have been ruled as dynasties by sheikhs who hold supreme power yet seek public consent through regular audiences at which a complaint might be heard, or patronage dispensed.
But modernity has brought a challenge, welding seven emirates stretching from Abu Dhabi to Fujairah together as a federation called the United Arab Emirates, born in 1971 as the British withdrew.
Thus, a Western specialist said, "There are two simultaneous systems, the federal and the *majlis*, meaning audience. They live in uneasy harmony," he said, the rulers' power offset by a federal bureaucracy drawn largely from the droves of foreigners lured by oil.
In recent years, the specialist said, falling oil revenues and a fear among rulers that "too much power

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Gandhi Launches Re-election Drive With Huge Rally

Prime Minister Rajiv Gandhi, standing in front of a portrait of his mother, Indira Gandhi, held his hands in a traditional greeting before a crowd of a million people in New Delhi on Monday. It was the fourth anniversary of the murder of his mother and served as a platform for his campaign.

Britain Acts To Cut Off Lager Louts

By Sheila Rule
New York Times Service
LONDON — On busy streets, in the subway below and amid the after-work squeeze on commuter trains, a menacing, emboldened young man, conspicuously unbothered by alcohol and loosely allied by behavior, are known as "lager louts." They are being accused of sexual assault, harassment, disorderly conduct and other offenses.
The British government, the police and local authorities are marshaling to defeat them. The strategies — they range from a plan to test a ban on public drinking in several towns to police patrols that visit pubs in search of the first signs of rowdiness — underscore a widespread concern over drunkenness and alcohol-related crime in both urban and rural areas.
At the same time, they highlight a quandary for the governing Conservative Party, which is seeking to respond to growing public pressure to curb alcohol-related violence and increase respect for law and order while not treading too heavily on individual liberties.
This month, Home Secretary Douglas Hurd announced a pilot program to test the effectiveness of a bylaw that makes drinking on the street and in certain other public places punishable by a fine of £100 (\$177).
The project has been criticized by civil libertarians, who argue that the problem can be dealt with under existing laws.
Yet it represents one of a number of moves by the government and

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After Science Class, a Diaper Change

By Rene Sanchez
Washington Post Service
WASHINGTON — At noon each weekday, as her Hart Junior High classmates break for lunch, Danita Wright walks alone from science class to a job she never expected to have so soon.
Miss Wright slips down two flights of stairs, slips in silence past lockers lining a hallway, then opens a classroom door with paper taped across its slim window — so outsiders can't peek.
Inside, Miss Wright's 7-month-old son, Matt, is waiting to be fed.
The classroom is bright and neat, with squeaking toys spread across a rainbow-colored rug listing the alphabet, with white cribs lined side by side, with diapering instructions tacked to the wall. Miss Wright, a 15-year-old ninth grader, hugs Matt while other babies play with balls or suck bottles and wait for their mothers, who are not yet out of class.
"I look forward to coming to school now, because I get to see my son here every day," Miss Wright said, with a faint smile. "It's a lot of work, but it doesn't bother me that much as long as I'm with him. I guess I just do the best I can, and deal with whatever comes."
Miss Wright is among a growing number of teen-agers allowed to carry their children along with their books into Washington's public schools.
This fall, the city school system opened an infant care center at Hart Junior High School. With beds for 12 babies, all of whom are between 6 weeks and 2 years old, Hart became the first junior high in the city with such a center. It is one of only a few junior high nurseries in the United States.
The effort under way inside the basement classroom resembles programs established in recent years at two Washington high schools. Like those, it has a twofold purpose: to care for babies fighting long odds to live healthy lives and to teach parenting skills to young teens overwhelmed by the duties motherhood brings. The school system operates the centers through a partnership with the city's Department of Human Services.
Kenneth Milner, the school principal, called the center "tremendously important," and he bristled at critics who say that its feel-good setting may encourage the mothers, and their friends, to have children at such a young age.
"We should not condemn these young people and just leave them somewhere," Mr. Milner said. "But we should educate them so it won't happen again. Most of the girls understand they've made a mistake, and they know they have to live with it. We're doing everything we can to help them become viable citizens, to give them a second chance."
School officials acknowledged that the three infant centers assist only a small fraction of the city teen-agers who give birth and

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صكنا من الله صل

Despite Pressure to Assimilate, Soviet Moslems Keep Identity

By David Remnick
Washington Post Service

TASHKENT, U.S.S.R. — Five times a day in the cotton fields of Central Asia, as in Siberia and Azerbaijan, Soviet Moslems hear the public call to prayer. Only some heed it: The vast majority of the country's 45 million Moslems do not visit mosques regularly. But Islam is nevertheless thriving in the Soviet Union.

Islamic culture persists in the face of the Communist Party's best efforts to stifle it, and the population growth of Moslems in Central Asia is five times higher than that of Russians, the nation's dominant and most populous ethnic group.

Government-sanctioned Islamic leaders mouth their fealty to the state — and even expound happily on the supposed similarities between Marx and Mohammed — but Moslems have resisted ethnic assimilation better than any other major group, according to Western and Soviet experts.

Moscow's concern — at times its profound anxiety — is evident. Even at a time when President Mikhail S. Gorbachev has shown more tolerance toward Christian churches, the Kremlin remains deeply suspicious of the Moslem population boom and the pervasiveness of a culture it deems "feudal and retrograde."

Evidence of this deep-rooted cultural identity is usually subtle and full of contradictions. The other day, in the oldest section of Tashkent, a standard-issue Soviet wedding limousine pulled to a stop. The young couple inside — she in a flowing Western-style gown, he in an ersatz Brooks Brothers suit — seemed at first no different from the scores of Russian couples in Moscow who say their vows at a state wedding palace and then make a pilgrimage to the hush and gloom of the Lenin Mausoleum.

But this couple had been married by an imam, a Moslem cleric, and were now paying their wedding-day respects to a deity more ancient than Lenin.

"We're not religious, but we are Moslems," the groom said, leading his bride through the gates of one of Tashkent's few open mosques. Like nearly all other Moslems, the couple will doubtlessly defy Soviet norms by having their future sons circumcised and by celebrating a Moslem wedding for their daughters. When they die, they will be buried in a Moslem cemetery with an imam presiding. Some officials even fear that Soviet Moslems, many

Western specialists say that the likelihood of a fundamentalist movement is almost nil. Despite the broadcasts, Moslems are cut off from their Islamic neighbors. They also recognize that their living conditions, while not up to Moscow's standards, are higher than those in many Moslem states.

But despite Soviet Moslems' ability to straddle the line between resistance and defiance, the tension between the party and local culture remains. "What

liquidate the sources that give rise to belief. The future belongs to the scientific and materialist point of view." Elsewhere in Tashkent, a young man named Habibullah Soleh presides over a magnificent library of ancient Islamic texts.

"As a Soviet citizen and a believer," Mr. Soleh said, he admires the "strengths" of both Mr. Gorbachev and Iran's Ayatollah Ruhollah Khomeini: "They are two halves of the same watermelon, if you know what I mean." And to those party ideologists who would fight for the elimination of "the cult" of Islam, he is patient, but straightforward:

"Almighty Allah says in the Koran that too many politicians spend their time trying to blow out the light to live in darkness. But they are running out of breath. They cannot win. These people make me furious. I'd like to put them all away."

At this he mimics an executioner, decapitating the offending Communist.

Officials in Tashkent are quick to say that had communism never come to Central Asia and Islam remained the unquestioned cultural and political force, the region would have remained an economic backwater.

In fact, Soviet power has made tremendous strides in raising the standard of living. Before the revolution only 2 percent of the population of the Uzbek Republic could read or write; now there is near universal literacy. Women, who once were made to wear veils and remain subservient to men, work in universities, academies and administrative jobs.

What is clear, though, is that Islam is not fading away. "We are the fiber of life here," said Sheikh Abdullahi Abdullahi, editor of a journal called Moslems of the Soviet Union and deputy chairman of the government-backed Moslem religious board for Central Asia and Kazakhstan. "We were here in the seventh century, and I can assure you that even more of us will be here tomorrow and the day after that."

'Almighty Allah says in the Koran that too many politicians spend their time trying to blow out the light to live in darkness. But they are running out of breath. They cannot win.'

Habibullah Soleh, an Islamic librarian in Tashkent

of whom listen to religious broadcasts beamed into Central Asia from Pakistan and Iran, will somehow begin a fundamentalist revolt. They remember with foreboding the 1986 anti-Russian riots in Alma Ata, the capital of Soviet Kazakhstan.

Last year the KGB chief of the Tadjik Republic, Vladimir Petkel, accused Islamic clergymen in the republic of having attempted to "penetrate" the Communist Party and local government organs in order to wage a jihad against the regime.

On a visit to Tashkent, capital of the Uzbek Republic, two years ago, Mr. Gorbachev said, "We must be strict above all with Communists and senior officials, particularly those who say they defend our morals and ideals but in fact help promote backward views and themselves take part in religious ceremonies." Moscow then began packing the party leadership of the republic with Russians.

Moscow really can't stand," one said, "is the idea that there are tens of millions of people who resist Sovietization."

Mortal Khatmuhamedov is the chief of ideology of the Uzbek Communist Party. As a young man, he says, his grandfather taught him aphorisms from the Koran. But now, as a grown man and party official, his view of Islam in the republic is unambiguous:

"Look, I am a Communist, a Marxist, and I won't play games about it. As a religion, Islam did terrible things. They took away freedoms, especially from women. Members of the party cannot be believers. Marxism and Islam, these are opposites."

"The task of my ideological work is simple: With the help of the schools and the mass media, I want to free people of religious influence. I want my ideological work to achieve the regression of the number of people attending mosques, for which it is necessary to

Russia Reports Accord With China On Eastern Section of Their Border

The Associated Press

MOSCOW — Soviet and Chinese negotiators have reached an agreement settling most of their differences over the eastern sector of their boundary, a Soviet Foreign Ministry spokesman said Monday.

The spokesman, Genadi I. Gerasimov, said that Foreign Minister Eduard A. Shevardnadze had met with the chief Chinese negotiator, Deputy Foreign Minister Tian Jiangang, as the accord was con-

cluded. The third round of the border talks began Oct. 20.

Mr. Gerasimov said the two sides would continue negotiations on the remaining areas of dispute along the eastern border and had agreed to form a joint working group on their differences over the western frontier.

The part of the boundary east of Mongolia is about 2,600 kilometers (1,600 miles) long. The western section is about 1,800 kilometers long. The Soviet Union and China re-

sumed the border negotiations in February 1987 as part of an attempt to improve their relations after more than two decades of hostility. The relations deteriorated in the early 1960s, resulting in skirmishes along the eastern frontier.

Since taking power in March 1985, President Mikhail S. Gorbachev has tried to improve relations with the Chinese. Chinese leaders have made better relations contingent on the removal of Soviet soldiers from Afghanistan, a settlement of the Cambodian conflict and reduction of tension along the border.

Soviet soldiers are withdrawing from Afghanistan, and efforts are under way to negotiate the removal of Vietnamese soldiers from Cambodia.

In Beijing, Foreign Minister Qian Qichen said his planned visit to the Soviet Union would take place in early December, and he reassured Japan that closer ties between Beijing and Moscow would not harm other countries.

Mr. Gerasimov said that Mr. Shevardnadze's talks with Mr. Tian had focused on Mr. Qian's forthcoming visit and that they had taken place in a positive atmosphere.

On Oct. 6, Deputy Foreign Minister Igor A. Rogachev said a Chinese-Soviet summit meeting was being considered for next year, and China's senior leader, Deng Xiaoping, made a similar prediction a week later.

Soviets Prepare to Ease Their Emigration Laws

Washington Post Service

MOSCOW — The Soviet Union is preparing laws that will make it easier for citizens to emigrate, according to Justice Minister Boris V. Kravtsov.

"A new normative act is being worked out now to regulate questions of exit from the Soviet Union and entry into the Soviet Union," Mr. Kravtsov said in an interview carried by the official press agency Tass.

The right to travel freely and move to another country is still widely opposed in the Soviet leadership, even by figures who are considered to be in favor of liberalization. When the historian Yuri Afanasyev wrote in favor of revising the country's laws and practices on emigration last spring, he was denounced in articles.

Mr. Kravtsov, who gave no details about the future of the emigration laws, also said that "even the procedure existing now has facilitated considerably the exit from the Soviet Union or entry into the Soviet Union for Soviet citizens."

He said that the government has turned down only 1.5 percent of all applications to leave the country this year and that in the majority of

those cases the alleged reason was possession of state secrets. More than 40,000 people have emigrated this year, as opposed to 28,000 for all of last year.

Apparently reacting to an announcement by Chancellor Helmut Kohl of West Germany in Moscow last week that the Soviet Union would release all its political prisoners by the end of the year, Mr. Kravtsov lowered expectations on how high the number might be.

Western human rights groups contend that at least 200 people are in prison for their political or religious beliefs and practices.

Mr. Kravtsov, however, gave much lower estimates. He said that two persons were in prison and five in internal exile under Article 70 of the Soviet criminal code, which prohibits the dissemination of falsehoods about the state.

The justice minister said that in the expected revision of the Soviet Criminal Code, Article 70 would be changed and Article 190 would be dropped altogether.

Basque Separatists Free Hostage After 8 Months

Reuters

MADRID — The Basque terrorist group ETA has released a businessman, more than eight months after taking him captive, the police said.

Emiliano Revilla, 60, a sausage maker, was freed outside a Madrid hospital, police said. Separately, a suspected ETA gunman shot and killed a Spanish policeman Saturday in the Basque city of Bilbao.



Ali Akbar Velayati, the Iranian foreign minister, arriving Monday in Geneva to continue Gulf talks.

UN Chief Sets Up Iran-Iraq Meeting

Compiled by Our Staff From Dispatches

GENEVA — The United Nations secretary-general, Javier Pérez de Cuellar, began mediating a round of Iran-Iraq peace talks Monday and got the two sides to agree to meet.

Mr. Pérez de Cuellar said his main objectives were moving opposing military forces further apart and repatriating as many as 100,000 prisoners of war as fast as possible, starting with the wounded.

The UN chief executive first met separately with the Iraqi foreign minister, Tariq Aziz, and then with the Iranian foreign minister, Ali Akbar Velayati.

Mr. Aziz confirmed that on Tuesday there would be a direct meeting between the two sides as proposed by Mr. Pérez de Cuellar. "We resume direct negotiations tomorrow," Mr. Aziz said Monday, describing his session with the sec-

retary-general as "constructive and substantive."

"We will behave in good faith and it is up to the other side to show similar good faith," he said.

Mr. Velayati later accused Iraq of keeping the talks deadlocked by insisting on parallel clearance of and Iraqi sovereignty over the strategic Shatt-al-Arab waterway dividing the two countries in the south.

"We are prepared as we have said over and over that dredging can begin if it is based on the frontier running down the middle as agreed in 1975," he said.

Without Iraq's demand for full control over the waterway, Mr. Velayati said, troops would already have been withdrawn to international frontiers as specified in UN Security Council resolution 598.

The resolution provides the agenda for the peace talks and states that the first measures fol-

lowing the Aug. 20 cease-fire must be troop withdrawals and POW repatriations.

Mr. Velayati said that there was no mention of Shatt-al-Arab and that movement at the talks was being delayed "only because of Iraq's unilateral interpretation of resolution 598."

"So the prospects for the present talks depend on Iraq," he said. "It has to put its expressions of good will into practice."

In another development, the British Navy ended its escort of British merchant ships through the Gulf.

The Defense Ministry in London said three frigates would remain in the Gulf to help ships if needed. It said the frigate Jupiter sailed into the Indian Ocean with the tanker Sandgate on the navy's 1,026th escort mission since it began taking ships through the Gulf at the beginning of last year.

(UPI, Reuters)



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Tassos Leivaditis, Greek Poet, Dies

The Associated Press

ATHENS — Tassos Leivaditis, 66, a leading Greek poet, died Sunday of complications following intestinal surgery.

Mr. Leivaditis' first collection of poems, "Battle at the Edge of the Night," was published in 1952. The third and final volume of his collected works was issued last year.

Critics praised Mr. Leivaditis' prolific output of lyric poetry for its controlled emotions and lively imagery.

Robert de Lobkowicz, 26, member of Aristocracy

PARIS (UPI) — Prince Robert de Lobkowicz, 26, scion of two of Europe's oldest aristocratic lines,

died in Lebanon on Saturday, his family announced in Paris on Monday.

He was the oldest surviving son of Prince Edouard de Lobkowicz, a Paris-based financial adviser descended from an ancient Bohemian noble family, and of Princess Françoise de Bourbon Parme, niece of the last Austro-Hungarian empress, Zita.

Prince Lobkowicz studied at Buckfast Abbey, a Benedictine school in England, and the University of San Francisco, where he majored in history and economics. He had been intended for a career in banking, but this was cut short by the diagnosis of a brain tumor

three years ago. He was a Knight of Honor and Devotion in the Sovereign Military Order of Malta and a reserve officer in the French Army.

Pietro Annigoni, 78, Portrait Artist

FLORENCE (AP) — Pietro Annigoni, 78, a portrait artist who painted the British royal family and President John F. Kennedy, died Friday of kidney failure.

Mr. Annigoni was born in Milan and studied art in Florence. During his career, he painted portraits of the British royal family, the Shah of Iran and his wife, Farah Diba, Pope John XXIII and Presidents Johnson and Kennedy.

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Both Germanys to Mark 'Kristallnacht'

By Serge Schmemmann
New York Times Service

BONN — The night of Nov. 9-10, 1938, has always stood out as a fearful turning point in the annals of the Nazi terror, and with the approach of the 50th anniversary of what has come to be known as Kristallnacht, both Germanys have announced plans for a broad range of nationwide ceremonies, conferences and other commemorative acts.

The anniversary has taken shape as a major act of national atonement and remembrance. Virtually every city and community has announced one or more days of commemorative events, including memorial services, concerts, theater programs, literary readings or ceremonies, to be held by governments, political parties, churches, schools and organizations.

Several special exhibitions on the history of Jews in Germany have already opened, including major ones in Nuremberg and East Berlin, and radio and television have initiated special programs. Including a panel discussion last week with concentration-camp survivors and German youths.

The major television networks have scheduled extensive coverage of official commemorative ceremonies on Nov. 9.

The main West German ceremonies will be held in Frankfurt, the home of a major Jewish community in Germany before the Nazi terror. Chancellor Helmut Kohl, President Richard von Weizsäcker, the presidents of all states and major church leaders will join Jewish leaders for memorial services at the main Frankfurt synagogue. They will then inaugurate a new Jewish museum, and the formal ceremonies will conclude with a special program of music and readings at the Old Opera.

In East Berlin, the East German parliament has scheduled a special commemorative meeting on Nov. 8, to be followed by a silent mass march.

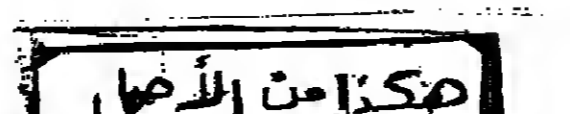
On Nov. 10, the cornerstone for a new synagogue will be laid in the East German capital. These and other events will be attended by 40 leaders of American Reform Judaism specially invited for the anniversary.

The list of other commemorative events will include memorial services at Dachau and other concentration-camp sites.

And virtually every major city and community has announced special programs. In Munich, the mayor will preside over a commemorative gathering at the old town hall, while in Cologne, the schedule of events includes processions from different corners of the city culminating at the opera house, where the mayor will speak.

The date entered history when, ostensibly to avenge the assassination of a German diplomat in Paris by a Jew, Josef Goebbels ordered a nationwide pogrom by the National Socialists.

By daybreak, 91 Jews were dead, hundreds were hurt, and thousands of synagogues and Jewish shops and homes were in ruins. The shattered glass on the streets of German cities was to give the night its name, "Crystal Night."



مركز من القبول

OPINION

Israelis Will Show Them How Free Voting Works

By William Safire

WASHINGTON — The election in Israel this week has this startling similarity with America's election: Swing voters believe what their candidates are saying about each other.

In the United States, that explains why so many undecideds take George Bush to be an elitist, racist meanie, and why so many others take Michael Dukakis to be a frozen, incompetent softy.

In Israel, that is why so many "floaters" take Labor's Shimon Peres to be a slippery manipulator out to give away the nation's security, and so many take Likud's Yitzhak Shamir to be a rigid hawk incapable of making peace.

But the truth is that all those disparagements are largely false. In both democracies, whoever wins or loses will be a more astute political figure and a better all-around human being than almost any leader who now struts and frets on the international stage.

Other similarities in electioneering exist. Democrats in America know that their number two, Lloyd Bentsen, is infinitely more capable than the head of the ticket, Labor politicians there know that their number two, Yitzhak Rabin, would run far ahead of the widely distrusted Mr. Peres. And only in a campaign's final weeks are a pair of two-edged swords brought out — supporters and foil detractors.

The great differences between the two elections are these: First, American candidates are campaigning on tangential or symbolic issues — death penalty, fervor of allegiance, mainstreamism — while the Israelis are dealing with the gut issues of security and survival. A mistake could cost them everything.

Second, Israel's voters are minding their own business — not telling Americans (or Canadians or Pakistanis) whom to vote for. Mr. Dukakis's election would offer Israel more friendship, but not the power or will to back it up. Bush-Baker-Tower "Texas triumvirate" would provide the strength but would be likely to

twist an evenhanded knuckle in the back. No wonder the Israelis are neutral. Contrariwise, the rest of the world is leaning hard on Israeli voters to elect Mr. Peres, the more malleable, accommodative candidate.

This international pressure plumbed new depths when Mr. Peres acted as the booking agent for Jordan's King Hussein on ABC's "Nightline." The little monarch (who never faced a Jordanian voter, and who is in a suit over his unpopularity among Arabs in the West Bank) endorsed Mr. Peres and dumped all over Mr. Shamir. Not since the Soviets tried to defeat Richard Nixon has there been such a ham-handed attempt by an undemocratic power to influence a democratic election.

Will it work? I'm told that the bizarre campaign weapon backfired in Israel, on the theory that the candidate of my enemy is not my friend. However, the cumulative pressure from abroad — including lopsided media commentary, horrified cooing from American doves and one-sided quacking from American lame ducks — may persuade some nervous Israelis that a Likud victory would isolate the nation. It would not.

We would all do well to let Israel decide its future for itself. If we oppose "imposing a settlement," we should resist influencing its choices of a leader.

If Mr. Peres wins (45 mandates to 35 for Mr. Shamir's party would be decisive), then Israel's supporters in America would try to see that an international conference called to transfer sovereignty of portions of the administered territories to local Palestinian Arabs did not degenerate into a threatening PLO state.

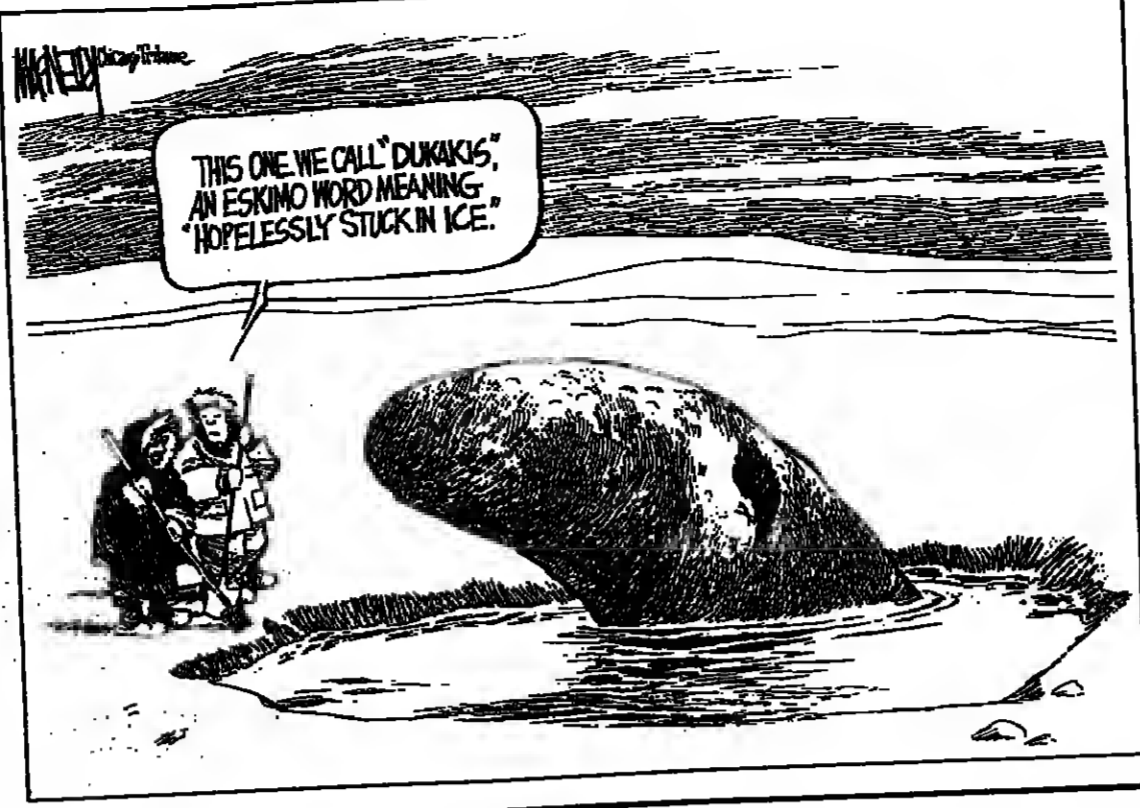
If Mr. Shamir wins (a 62-mandate right-wing coalition would be decisive), then presumably the *infatada* would see direct negotiation would be stressed as the route to peace; hawkish friends of Israel would remind Likudniks of their unique ability to deliver on genuine autonomy for peaceful Palestinians.

If, as the polls now show, neither side wins, we're all in the soup: another coalition and years of the wrangling that weakens. Even so, an ally is an ally, despite Israeli indecision, the next American president and Congress would do what is needed to offset Soviet sales to Syria and Libya, and Britain's mindless arming of the Saudis.

That's what is so terrific about the U.S. presidential system. Whoever wins — even if by an eyelash, as in 1960 — wins it all, and for a fixed term. Voters for the losers gulp and salute, and democracy and national stability are served.

Show your surrounding monarchies and dictatorships the glory of a free election, democratic Israel. Next week, America will show the world how the majority rules the free superpower.

The New York Times.



LETTERS TO THE EDITOR

Don't Expect Brazilians to Sacrifice for Your Oxygen

I can't refrain from reacting to the New York Times editorial on Brazil...

These days, of which there is plenty. We certainly would produce less of that stuff if its indispensable ingredient oxygen came at the price it deserves.

Herbert Graf, Zurich.

Europe Has Work to Do

Regarding "High-Tech Europe: A New Optimism in the Air" (Opinion, Sept. 22) and "New Europe: The Spirit is Willing" (Opinion, Sept. 23), by Giles Merritt:

The writer's views seem to be based more on hope than on reality. European electronic industries need international business strategies, technological advantage, international marketing and financing in order to survive fierce competition from their American, Japanese, and Far Eastern rivals.

The first of Mr. Merritt's hopes is the semiconductor. Does he know how very few chips have been sold by European companies to Japan, the largest market in the world, even after the drastic appreciation of the yen in late 1985?

The second hope is a new high-definition television, HDTV for short. I also hope that European companies win the race, but they suffer from technological and production-cost disadvantages.

Without an effective, competing business strategy, the EC's high-tech trade gap will only widen further.

Mike M. Natoli, Paris.

Le Havre '44 Remembered

Regarding "Two Quests for Redress Over a French Port's Ordeal" (Oct. 10):

As a Frenchman who was in Normandy, near Le Havre, in September 1944, I disagree that this tragedy is forgotten. One need only point to a recently re-edited book, widely sold for several years, which describes hour by hour and street by street the 12 last days of fighting in the city that was destroyed by British carpet bombing: "Le Havre '44 à Feu et à Sang" by E. Florentin, published by Presses de la Cité, Paris.

As for William Douglas-Home, I hope that his court-martial conviction will be quashed. Le Havre should ask the French government to award him the Légion d'Honneur for trying to save the lives of Le Havre's civilians.

Pierre Pelikan, Le Chesnay, France.

Financial Advice: Beware Of Furloughed Boy Scouts

By Dave Barry

MIAMI — Today we're going to discuss financial planning, a topic that happens to be very timely for millions of Americans right now because I can't think of another one.

When I say "financial planning," I mean, in layman's terms, "the various things you do when you are engaged in financial planning." To understand why this is so important, let's consider the famous true fable about the grasshopper and the ant.

It seems that many years ago, there was this lazy grasshopper who sat around all summer long watching "The

dition of forms, have been designed by mildly retarded cocker spaniels. The questions go like this:

"1. What is your name?" "2. What is the patient's name?" "3. Are you the same as the patient? (If 'no,' then who is?)"

"4. What was your name again?" And so on. It's slow going, but I stick to it, because I know that only by filling these forms out can we arrive at:

STEP THREE: The insurance company mails us an informative statement ("The amount shown below represents your total accrued redemption MINUS your deductive comprehensible PLUS your remittance of remorse TIMES your

representing an actual percentage of what we originally paid the doctors, which we then wisely reinvest in more doctors' fees or, if it is a Friday night, rental movies.

Of course you may not feel you have the financial "savvy" to embark on a complex investment program like this, in which case you might want to consider engaging the services of a financial planning professional. This is a qualified person who takes custody of your money and then, using his knowledge, training and experience, flees to the Bahamas. Ha ha! Forgive me for making a small financial joke. The truth is that most financial planners have made a deep commitment to their profession in terms of having their business cards printed up, and I strongly recommend that you turn all your money over to one of them after asking a few routine questions: ("What is your name?" "Is that a plane ticket?")

Another essential part of your personal financial program is, of course, life insurance. I'm putting this in secret code because if I write out the words "life insurance," you might read them aloud, which would awaken the insurance agents hanging by their feet from your eaves, causing them to swarm down your chimney and dive repeatedly at your head until you let them review your Future Financial Needs.

Still just kidding, of course. Often they come in through the windows. No, really, I hope you professionals out there are taking this in the spirit of "good fun," and if I have offended you, I urge you to write a careful, reasoned, thought-provoking letter and throw it away unopened, which is how I'd handle it.

But getting back to investment strategies: The important thing is, whichever one you pick, you have to STICK WITH IT. Don't get discouraged! Remember: John D. Rockefeller started out with nothing, and today, thanks to smart financial planning, he's dead. He probably got tired of filling out his medical forms.

TODAY'S MONEY TIP: An excellent place to invest all your money right now is in a "Savings and Loan" institution, which is just like a regular bank except it has boards on the windows.

Knight-Ridder Newspapers.

Arab Voters to Woo

THE Palestinian uprising has triggered waves of solidarity among Arab citizens of Israel, who are likely to defect from mainstream parties in Tuesday's elections. With a voting population capable of electing 14 or 15 members of the Knesset, Israeli Arabs will probably contribute only three or four to the mainstream parties; the rest of the vote will go to three mainly Arab parties, two of which are pariahs in Israeli politics. Labor would be wise to consider negotiating the support of all three Arab-supported parties after the election.

Shibley Telhami, commenting in the Los Angeles Times.



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Imelda Marcos Pleads Not Guilty in New York

United Press International
NEW YORK — Imelda R. Marcos pleaded not guilty Monday in a federal racketeering indictment charging that she and her husband, Ferdinand E. Marcos, the deposed president of the Philippines, used stolen government funds to buy New York real estate.

A deputy in the courtroom in the U.S. District Court asked Mrs. Marcos, 59, if she wished to waive a reading of the 79-page indictment that could send her and her husband to prison for the rest of their lives.

"Yes," she replied in a strong voice.

"How do you wish to plead?"

"Not guilty," Mrs. Marcos said, squeezing a white handkerchief in her right hand.

Judge John Keenan set bail at \$5 million and refused to detain Mrs. Marcos. He ordered her to stay in New York for 72 hours or until the bail package was approved.

Most of the assets believed held by the Marcoses have been frozen by courts around the world, and Judge Keenan said he wanted to ensure that the bail money was not obtained through the racketeering scheme alleged in the indictment.

None of the eight other defen-

dants was expected at the hearing but all were subject to arrest under federal warrants.

The Marcoses and five other defendants, including the Saudi billionaire Adnan Khashoggi and a California bank, are accused of transferring \$103 million in stolen funds into the United States to buy four prime New York buildings and of defrauding two U.S. banks of \$165 million to refinance the properties.

A dozen anti-Marcos protesters chanted outside as Mrs. Marcos stately entered the Foley Square courthouse.

"Justice, justice must prevail! Send the Marcoses to jail!" the demonstrators chanted.

Mr. Marcos, 71, said his weak heart made the trip to New York from Hawaii impossible. His arraignment was postponed.

The Marcoses face four racketeering counts and, if convicted, a maximum of 50 years in prison and fines totaling \$1 million.

Also named in the racketeering indictment were the former Philippines ambassador to the Vatican, Bienvenido Tanco Sr.; his wife, Gliceria Tanco; California Overseas Bank and its chairman, Robert Benedicto, and its former president, Rodolfo Arambulo.

KOHL: Overstatement Is Reported

(Continued from Page 1)
 and some other Western countries believe that the political prisoners number 200 or more.

"There was some confusion," a West German source said. "Kohl had the impression or created the impression that this was something completely new."

There were clear signs of irritation between Bonn, on the one hand, and Washington and London on the other, over the Kohl trip.

A U.S. official was displeased by West German officials' comments, delivered to a reporter on a background basis, that tough U.S. human rights positions were the principal obstacle holding up conclusion of current East-West talks in Vienna at the Conference on Security and Cooperation in Europe.

The Soviets, as a condition for concluding the Vienna talks, are seeking Western agreement to participate in a future human rights conference in Moscow. Britain and, to a lesser extent, the United States are resisting.

In another sign of a West German diplomatic tilt toward Moscow, Mr. Genscher quickly returned on Sunday a one-day-old Warsaw Pact statement of willing-

ness to seek a quick conclusion to the Vienna talks.

Mr. Genscher also reaffirmed Bonn's willingness, with sufficient advance preparation, to participate in a Soviet-proposed European summit conference on reducing conventional forces.

POLAND: Government to Shut Down Lenin Shipyard

(Continued from Page 1)
 panies are in the steel and metal-working industries.

A report by the state journal Rynki Zagraniczne earlier this year cited the Lenin shipyard as the best-performing facility in the industry, with the lowest losses and highest exports. This year it was scheduled to build 11 ships.

The possibility of closing the shipyard was first raised publicly by authorities in May during the first of two waves of strikes. After that strike ended, a threat of bankruptcy faded.

When a new strike broke out in August, however, government officials again claimed the yard was risking bankruptcy, even though employees allowed work to continue on two key projects.



The home of a Palestinian was blown up after he reportedly confessed to the attack on an Israeli bus.

ISRAEL: Labor Fears Backlash Following Bus Attack

(Continued from Page 1)
 showed Likud had picked up support in the days after the car bomb attack.

"But when civilians are killed, a mother and her babies, it's much more of a serious matter," a senior Labor Party strategist said. "This will hurt us. No doubt."

Campaign activity, usually low key on the last day before elections, halted completely Monday, and Likud was restrained in trying to use the incident to its advantage.

In an interview, Benjamin Begin, a Likud candidate, said, "These tragedies do have an impact. People are well aware of what's going on. The situation is quite clear. But

we need to show some sensitivity. The funeral was only a few hours ago."

Likud strategists have been saying all along that they do not need to use violent actively to boost their campaign. A Likud member of the parliament, Dan Meridor, said last week that his party had not actively used the Palestinian uprising in its campaign ads because "people see it every day in the news."

"It helps us all by itself," he said. The prime minister's office took a similar approach Monday, Avi Pazner, a senior adviser to Prime Minister Yitzhak Shamir of Likud, called on Israelis to "put politics aside" as it considered the attack.

Ezer Weizman, the Labor Party campaign manager, said: "I very much hope that Jews won't change their votes, just as the Jews didn't change their vote after the incident of the Lebanon war four years ago."

He seemed to be referring to the massacres at the Sabra and Chatila refugee camps in Lebanon in 1982. Though the Likud controlled the government then, it did far better than expected in the 1984 elections.

Thinking optimistically, Mr. Weizman said: "Perhaps this incident will lead to a greater vote for Labor because the public will understand that without a solution in the area, it won't be possible to have peace."

EMIRATES: Dubai's Task Is Melding Old and New

(Continued from Page 1)
 was being given into the hands of nonlocals" have loosened the commitment of some emirates to the federation.

"The individual emirates are trying to retain as much independence as possible," a Western diplomat said. "There's been a counterattack by the old against the new."

And, if a nation's sports say anything about its society, that conclusion may be borne out in two ancient pursuits that survive — hunting with falcons, and the racing of camels.

"There are young, middle-class Dubais taking up falconry," said Cheryl Rempke of Laramie, Wyoming, who runs the falcon hospital with her husband, David. "Maybe it's a way to get back to their traditions," she added.

By tradition, the birds are trained and flown and released, all in the same year-end season of relative cool, because the fierce summer heat kills them. But the air-conditioned hospital allows the birds to be kept cool and alive in the summer months to hunt a second season.

"There's a kind of political thing to it, too," Mr. Rempke said. For a falcon trainer from the desert, he says, the pursuit means "getting close to the sheikh" and sharing in the largesse.

Each year, Mr. Rempke said, the Gulf's rulers migrate, mostly to Pakistan, with large parties of followers and their falcons to spend a month hunting.

"People say there is less and less interest," Mr. Rempke said, "but there seem to be as many purchases" at an average price of \$3,000 a bird.

If that seems pricey, try camel racing. A thoroughbred winner, by most accounts, can fetch \$1 million or more. Yet this sport, too, func-

tions as a means of keeping Bedouin tradition alive and establishing patronage between ruler and ruled.

Abu Dhabi alone is reckoned to have about 3,000 racing camels, which cover a five-mile course in what sometimes seems a lengthy 14 minutes.

The jockeys, said Dick Collins, a British veterinarian who looks after racing camels in Dubai, are "very small and come from India, Pakistan or Muscat." Some are as young as five or six years, and none, Mr. Collins said, weighs more than 40 pounds (18 kilograms).

As they race, trainers roar alongside on a parallel track in four-wheel-drive vehicles, bellowing instructions into microphones, transmitting to radios taped to the jockeys' chests. Television vans videotape the leading events for prime-time viewing.

If such events represent one tradition — and oil-money invested to maintain it — then the Emirates Golf Club stands as an monument to the urge to preserve another that predates oil: commerce. Its British manager, Rodney Bogg, said, "The Emirates Golf Club was built to promote Dubai as the biggest trade center in the Arab world."

The clubhouse, built to resemble Bedouin tents, looks out over a 7,100-yard (6,490-meter), par-72 championship course that consumes a million gallons of water a night from automated sprinklers to stay green when high summer sends daytime temperatures on the billiard-smooth fairways to 110 degrees (43 degrees centigrade).

The membership is a fully subscribed 500, many of them expatriates, who pay annual dues equivalent to about \$3,000.

LOUTS: New Menace in Britain

(Continued from Page 1)
 the local authorities to solve the problem.

These actions include the establishment last year of a ministerial group to develop government strategy against alcohol abuse, higher penalties for selling alcohol to minors, increased pressure on the police and courts to close badly managed bars and lower taxes on beverages low in alcohol.

"There are still some understandable misgivings about making the simple act of drinking on the streets an offense," Mr. Hurd said in a speech to magistrates.

"But I concluded that the nuisance and distress caused to ordinary citizens by groups of mainly young people becoming drunk and behaving badly was such that it was worth trying a bylaw to see if it could help."

Any restrictions that reduce public disorder would be welcomed by Chief Inspector David Furness of the British Transport Police.

His officers have been inundated with complaints about passengers who, after leaving respectable jobs in London's financial district, get drunk and create disturbances at railway stations and on trains.

Some workers in the financial district have refused to work overtime for fear of being cornered in a train late at night by a loutish passenger.

In an effort to gauge the extent of the problem, the police held a two-day public session a few days ago to allow frustrated commuters to express their concerns.

In less than two hours, about 3,000 commuters approached the police at two railway stations, Liverpool Street and Fenchurch Street.

"The majority of complaints come from women who have re-

ported cases of indecent assault or indecent exposure," Mr. Furness said in an interview at the Liverpool Street station.

"Indications were that those committing the offenses were men between the ages of 18 and 35 who held responsible jobs in the financial markets. But indications now are that it is impossible to stereotype the offenders except to say they are between 14 and 30 years old and from a cross section of society."

The "lager louts" are the latest issue in a continuing debate about the cause and extent of alcohol abuse in Britain, which has received international attention in recent years because of violence by English soccer fans at major European competitions.

The debate was fueled this year when new laws allowed pubs to stay open all afternoon in England and Wales, ending restrictions that were introduced in World War I in an effort to halt afternoon drunkenness among munitions workers.

Publishers of an annual survey of beers blame the growth of the "lager-lout culture" on slick, aggressive marketing of lager, which is lighter in taste than traditional British ale.

Stricter rules governing the advertising of alcoholic beverages were recently introduced to ensure that advertisements do not encourage drinking among young people.

Ban Tested in Coventry
 An "alcohol-free zone" under the new bylaw was declared Monday in the center of Coventry, England, Reuters reported.

Coventry is the first city to receive parliamentary approval for the £100 fine. Signs showing crossed-out beer mugs mark the 100 streets affected by the ban.

INFANTS: Classes and Diapers

(Continued from Page 1)
 as a consequence, drop out of classes. A recent report by a citywide commission on teaching values stated that about 80 percent of students who have children leave school for good.

The announcement of the closing came at the beginning of a two-day holiday as Poles celebrated All Souls' Day. It also came only two days before the scheduled arrival of Prime Minister Margaret Thatcher of Britain, who is due to visit Odsank and meet with Mr. Walesa on Friday.

Mr. Thatcher, whose visit was postponed earlier following the August strikes, is also scheduled to sign a wreath with Mr. Walesa at a Solidarity monument outside the main gate of the shipyard. The monument commemorates a 1970 workers' uprising that also began at the Lenin yard and ended with the shooting of dozens of workers by police and army troops.

Each of the three centers is full, and each has a long waiting list. At Hart, for example, about 24 girls from the junior high and from nearby Ballon High School have signed up in hopes of having a bed open for their child soon.

Infant centers are being planned at two other high schools, but school officials said that even with those additions, more than half of the population of teen-age mothers in city schools will not be served. About 350 students gave birth during the past school year, according to school system statistics. Of

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Bush Holds Huge Lead In Survey of 50 States

The Associated Press
WASHINGTON — George Bush is the overwhelming leader in the race for the White House as the presidential campaign enters its final week, with Michael S. Dukakis making huge gains that have Democrats hoping for a comeback, according to an Associated Press survey of the 50 states.

The survey shows Mr. Bush leading in states with 359 electoral votes, even though he has not yet locked up the 270 that would assure him of victory. Mr. Dukakis' total is far smaller — 78 electoral votes from states where he is leading. Nine states with 101 electoral votes are considered toss-ups, with Illinois, Pennsylvania and Wisconsin among them.

The AP survey indicates Mr. Bush has maintained Republican strength in the South and Rocky Mountain West, while Mr. Dukakis has failed to accomplish the same



Mr. Dukakis on the campaign train. His daughter Kara and an actor, Rob Lowe, are at right, and at left is Senator Alan Cranston.

YOUTH: A Shift to Republicans

(Continued from page 1)
 1980, Democrats outnumbered Republicans among voters less than 30 years old by a margin of 2 to 1. Now, the parties are virtually even.

The impact of the Reagan years on the preferences of young voters can be seen most starkly by following the voters who began joining the electorate when Mr. Reagan was first elected president.

In 1980, only 20 percent of the voters between the ages of 18 and 29 years old identified themselves as Republicans; 42 percent of them said they were Democrats. The rest called themselves independents or chose a minor party or no party at all.

Four years later, the same age group — now between 22 and 33 years old — started shifting: 28 percent identified themselves as Republicans, and only 35 percent called themselves Democrats.

This year, the Republicans are near parity: Among voters between the ages of 26 and 37 — the same age cohort — the figures were 33 percent Republican and 35 percent Democratic.

Some of this shift toward the Republicans can probably be explained by the political law that people often become more conservative as they grow older, what Kathryn Keene, the managing editor of Public Opinion magazine calls the "marriages, mortgages and kids effect." But since other generations did not go through quite this sharp a change, some of it must also be explained by the impact of the Reagan era.

Another way to look at the shift is that in 1980, the 18- to 29-year-

old age group split about the same as the rest of the electorate in its party allegiance. Now, it is more Republican, while the electorate as a whole remains more Democratic.

The Republicans' biggest problem with the young has not been getting their support but getting them to vote. Younger people have always turned out at a lower rate than their elders, and the Republicans suffered in the 1986 Senate elections from an unusually low turnout among the young.

Young people are of particular interest to political scientists and party officials, however, because the allegiances they form can stay with them for the rest of their lives. When voters who came of age during the New Deal identified with the party of President Franklin D. Roosevelt, they provided the impetus for a realignment that made the Democrats the nation's dominant political party.

The young voters tracked since 1980 displayed a shift in the way they saw themselves ideologically similar to their shift in party allegiance. In 1980, 28 percent in this group called themselves liberal; the figure dropped to 24 percent in 1984 and 18 percent this year. The proportion of conservatives increased: From 25 percent in 1980 to 27 percent in 1984 and 32 percent in 1988.

Academics and political consultants who have studied the youth vote have many explanations for their movement toward the Republicans, but the most powerful is the simplest: Young Americans have known only Presidents Reagan and Carter, and Mr. Reagan is the overwhelming favorite.

LIBERAL: For Dukakis, a Metamorphosis to Populist From Technocrat

(Continued from page 1)
 election eve, Mr. Dukakis proposed they merge that time into an hour-long televised debate to "let the American people decide which one of us can best unite the country."

Mr. Bush scoffed Monday at Mr. Dukakis' embrace of the liberal label and rejected the call for an election eve debate. The Associated Press reported from Louisville, Kentucky.

Mr. Bush recalled that Mr. Dukakis had "jumped all over me for using the 'L' word" in their last debate.

"Well, speaking of my opponent, yesterday, miracle of miracles, headlines, read all about it, he's using the liberal label again," Mr. Bush said.

Mr. Dukakis' campaign had called the 10-car train he rode Sunday from Bakersfield to Stockton the "Victory Special." But the buoyant traveling staff quickly renamed it the "Surge Express."

Last Tuesday, an exhausted Mr. Dukakis walked gloomily off the set after a listless interview on the ABC News "Nightline" program, after repeatedly dodging the "liberal" label. He since has turned into a free-swinging campaigner and has consistently performed better on the stump than at any time since the Democratic National Convention in July.

In a chat with reporters on his campaign plane this weekend, Mr. Dukakis said that "I'm articulating better now" and offered several reasons why.

One explanation was simple, he said: "Love."

Kitty Dukakis has been traveling with her husband more often recently, Mr. Dukakis noted. "I'm a happier guy when my wife's around," he said.

He said his decision to drop prepared speech texts and TelePrompTers and speak to his rallies using a handful of notecards had also made him "a heck of a lot better" in talking to people.

He also said the public displea-

sure with the negative tone of the fall campaign was damaging to Mr. Bush. Polls show that some voters blame Mr. Bush for the nature of the campaign, but many also say both candidates are responsible and a recent poll by Newsweek magazine showed that people overwhelmingly blamed the press.

Although several national and state-by-state polls continue to give Mr. Bush the decided edge in public opinion, Mr. Dukakis' belief that he is in the midst of a "surge of momentum" has given him an injection of confidence.

"The Republicans are already popping the champagne corks in their penthouses," Mr. Dukakis said with a laugh to a big crowd at the station in Bakersfield. "But we're the ones who are going to be celebrating on Nov. 8."

"Mr. Bush is coasting and we're fighting," he continued. "He's reading the polls, and we're taking our campaign directly to the American people."

The campaign played the 1940s standard "In the Mood" at every train station, and that was just right for a day that had the feel of old-time politics, except for the presence of television crews with their high-tech gear and the staffers talking into their cellular telephones.

Mr. Dukakis' firm declaration of his liberalism on Sunday could lead to an ironic codename for the 1988 campaign. In an election that has seen candidates in both parties carefully avoiding the label "liberal," the next few days may well turn into a running debate over how the word should be defined.

"I'm not going to let the Republican Party pervert that word," Mr. Dukakis said.

He offered his own explanation Sunday. "We need a president in the tradition — yes, the liberal tradition of Franklin Roosevelt and John Kennedy," he said at the Amtrak station in Hanford. "Presidents who are on the side of the average family. Presidents who believe in economic opportunity and good jobs for every American."

THE HUSTINGS

Dukakis Assails Bush on Arms Policy

WASHINGTON (Reuters) — Governor Michael S. Dukakis, the Democratic presidential candidate, accused President Ronald Reagan and Vice President George Bush on Monday of botching a decision on America's next land-based nuclear missile.

On a nationally televised morning TV program, Mr. Dukakis said Mr. Reagan and Mr. Bush had failed to decide during their eight years in office whether to make the 10-warhead MX missile or the single-warhead Midgetman the next U.S. land-based nuclear missile.

"The administration has really made a hash of this," Mr. Dukakis said. "For eight years they haven't been able to decide on either." Mr. Dukakis is on record as opposing both missiles.

Name-Calling in a Minnesota Race

MINNEAPOLIS (NYT) — In recent weeks, Hubert H. Humphrey 3d has accused Senator David F. Durenberger, his Republican opponent in the U.S. Senate election in Minnesota, of being an embarrassment to the state.

For his part, Mr. Durenberger has imperially derided his opponent as a pale shadow of his father, the former vice president and 1968 presidential nominee. "I feel sorry for him, hung with that name," said Mr. Durenberger, 54, who has served in the Senate since 1978. "After all, he can't go back to selling prescription drugs like his father once did."

The most recent public opinion poll by The Star-Tribune, a Minneapolis newspaper, showed Mr. Durenberger leading Mr. Humphrey, 53 percent to 42 percent.

Fed Up With Polls? Try Mumbling

SAN FRANCISCO (NYT) — Fred Wickham is so fed up with the polls "electing" the president before the election that he is founding a nonpartisan organization intended to unbinge all those high-priced pollsters. Appropriately, it is called Poll Scramblers.

"The daily publication of poll results performed by private polling organizations has undermined the electoral process," says Mr. Wickham, a San Francisco artist. "The secrecy of the voting booth is the only appropriate place for polling to occur."

Mr. Wickham's plan is to invalidate the polls by purposely scrambling the results. "We do this by lying," he says. "We've all lied at one time or another, but this is our first opportunity to be proud of it." When the pollster asks a question, Mr. Wickham says, "Raise doubts. Refuse to answer. Or bend and bow. Answer and wink. Shake your head no, and say yes. Mumble. But get the message across that your answer is suspect."

Willie Brown, the Democratic speaker of the California Assembly, was asked why Mr. Dukakis has not been doing better. "My guy didn't understand that to win in this country these days you've got to campaign down to a 13-year-old's level of mental development," he said. (NYT)

Senator Daniel Patrick Moynihan isn't running for re-election. He's walking. The New York Democrat is far ahead in the polls, has campaign money to burn and is facing a little-known Republican lawyer, Robert McMillan. A poll released last week by the Marist College Institute for Public Opinion showed Mr. Moynihan ahead by 67 percent to 20 percent with 13 percent undecided. (AP)

Inquiry Is Asked Into Article on CIA

Washington Post Service
WASHINGTON — The chairman of the Senate Select Committee on Intelligence has asked the Reagan administration to investigate whether administration officials leaked classified papers to the authors of a newspaper article describing corruption in a secret U.S. program to aid Cambodian rebels.

The chairman, Senator David L. Boren, Democrat of Oklahoma, said he was "deeply troubled" by references in the article to an apparently classified State Department document on which much of the article was based.

The article, which appeared in Sunday's Washington Post, described a scheme in which military officers and others in Thailand had stolen \$3.5 million from a \$12 million-a-year CIA program to aid non-Communist rebels inside Cambodia.

Accounting controls over the assistance were tightened after the discovery, and no American aid is now being diverted, the article said.

The program, one of several approved by Congress and managed by the CIA, is officially secret, but its outlines have been publicly known for some time.



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ARTS / LEISURE

U.S. Retailers Hope To Beat Fashion Crisis

By Suzy Menkes
International Herald Tribune

NEW YORK — The American fashion shows opened here Monday — an unprecedented five days after the close of the Paris collections. For the fashion professionals, the lack of the traditional 10-day breathing space allows a global view of what is to be offered for the next spring/summer season. Retailers and suppliers on both sides of the Atlantic also have to face up to the current crisis of consumer confidence in high fashion, where too many designer labels are chasing too few customers. Ten years of steady — or even heady — growth have made designers into superstars and their fashion em-

image than a smaller company or than "a family run service store like Nordstrom." Bergdorf's new menswear store, due to open in the spring of 1990, is expected to bring its flair to retailing men's designer clothing. Barney's, run by the Pressman family since it was founded in 1923, started out as a discount men's clothing store, and its most recent expansion is a men's store opened in September in the World Financial Center. Last month, Barney's launched a national retail company, which will open three stores — in Boston; Short Hills, New Jersey; and Manhasset, New York — in the fall of 1989.

"Customers across the country want fashion, but they want a choice of both well-priced and designer merchandise," says Gene Pressman, whose new stores will combine established names, young designers and private label merchandise.

This last is a thorn in the side of the high fashion designers who feel that the American stores are too quick to rip off creative designs at a cheaper price. To retaliate, most international designers have introduced lower price lines of their own. But this, say the buyers, can confuse the customer and weaken a designer's image.

In a ruthlessly competitive world, both designers and retailers have to keep one step ahead. Bloomingdale's, the store that spawned the concepts of the "Saturday Generation," recreational consumption and retailing as theater, has seen its innovative ideas copied by stores around the world. Bloomingdale's Canadian entrepreneur Robert Campeau bought from Federated last spring, may not now be as unique as when it and Diane Keaton starred in Woody Allen's "Manhattan." But it is also expanding: The latest of its chain of 17 stores opened in Chicago in September.

Next year, Bloomingdale's will celebrate the bicentennial of the French Revolution with a major "Vive la France" promotion. The store will spend \$30 million, says Marvin Traub, its chairman since 1978. He calls it "the most extensive presentation of French merchandise ever made outside France."

In spite of this entire cordiale, and a 10-year love affair with Italian fashion, European designers still accuse American stores of using designer merchandise as window dressing, rather than buying it in depth or attempting to put over the designer's message to the consumer.

"Intellectually, I find America turned in on itself at the moment," says Jean-Jacques Picart, partner of Christian Lacroix, who was given American super-hype a year ago.

"America is such an enormous country, and when it behaves in a protectionist way, it belittles itself," says Picart. "In fashion, we are finding Europe very positive at the moment in the spirit of 1992. In America, we are doing well in the specialty stores like Ultimeo in Chicago, or anywhere where the same person who buys the merchandise also sells it. We need a sales service. We are not like selling boxes, just any product. We are fashion."

The international designers — whether European or American — know that Manhattan's mighty stores have made the designers' names, their reputations and their fortunes.

"Designer fashion has been like a great orgy," says Forte. "It was like the fall of the Roman Empire — we all ate and drank fashion until we vomited. This is now a time of reassessment, when customers are looking for things they can depend on. Maybe we all need a period of calm."

NEW YORK FASHION

pires worth megabucks. Now there are signs that the Style Decade — as the '80s have been dubbed — may be running out of steam.

"The crisis is that women are not buying," says Kal Ruttenstein, Bloomingdale's senior vice president for fashion design. "Everybody for the past year has been blaming Paris fashions and the skirt lengths. I personally believe this latest season has produced just what we need. Women are going to be excited by the mood of the shows, by the pyramid shapes, by the new liquidity. It's going to kill off the too tight, the too short and the too sexy."

Fashion — and especially fashion retailing — thrives on change, and the major buyers have returned to the United States from Paris generally pleased with the European collections. But customers may be more wary of investing in yet another designer image — at \$2,500 a time.

The current season started slowly, yet the news from Manhattan's plate-glass battlefield is not all bad.

"We're doing fine because we know what we're doing," says Saks' Elin Saltzman bluntly. "It's terrible of me to say this, but every time I think things are fine, I read there's a crisis. Things really are not that bad. But we as a store have to do much more to help the customer, because there is no one direction in fashion now."

The selection and editing undertaken by the stores is not always approved by the designers, who feel that their image is often watered down. When Ralph Lauren opened his flagship store on Madison Avenue two years ago, it was a major statement from a leading American designer whose business had been built up — and still lies — in stores.

Italy's Giorgio Armani is now embarking on a massive American development, both for the main collection and the Emporio line, in which the parent company will set up retail outlets and control the architecture, the merchandise and the display of the entire Armani package.

"There is something wrong with retailers in the U.S.A.," says Gabriella Forte, the powerful woman at Armani's right hand. "There is a deep crisis because the stores aren't owned by retailers any more, but by bankers and cinema corporations. You can do market analysis as much as you want, but there still has to be a symbiosis. You need to have people who love retailing. And it's not true that, if you can buy china, you can be moved to buying clothes. Who wears tea cups on their heads?"

Dawn Mello of Bergdorf Goodman — the American store generally accepted to be in the forefront of selling designer clothes — admits that stores that have been bought out have a harder time creating a fashion



Stores such as Bergdorf Goodman (above) and Bloomingdale's hope that the new lines will end the crisis of consumer confidence.



Bach to Fusion and Back With Joachim Kühn

By Mike Zwerin
International Herald Tribune

PARIS — American jazz musicians often credit preacher fathers or a mother who sang in a gospel choir with opening their ears. The East German pianist Joachim Kühn traces his jazzline back to having grown up around the corner from a church in Leipzig where Johann Sebastian Bach's music was performed at Sunday services. "Bach wrote some swinging bass lines," he says.

Kühn gave his first piano recital at the age of 6, playing Schumann's "Kinderscenen." His older brother, Rolf, was practicing the clarinet and there had been Benny Goodman records around the house for as far back as he could remember. Like many East European musicians of his generation — he was born in 1944 — he is grateful to the Voice of America's Willis Conover for widening his horizon. The West German producer Horst Lippman described his playing in 1965 as "not just free jazz in its most advanced manner, it's also music that swings like mad." He used to "dream of playing with American musicians."

He went West by way of a jazz contest in Vienna in 1966 and has not been back to Leipzig since. Living in San Francisco, Los Angeles and New York, he played with the likes of Don Cherry, Philly Joe Jones, Gato Barbieri and Jack DeJohnette. His German side ("Yeah — I guess I'm German. Very German.") was seduced by the technological challenge involved with jazz-rock fusion's extensive and complex array of electronic hardware. His fascination with America took on the color of money. With newly grown hair accentuating a strong chin, wearing flowered silk scarves, playing at major events surrounded by stacks of speakers, amplifiers, synthesizers and thick clusters of cables, he dreamed of stardom now. He was a "keyboardist" — the word "pianist" was about as stylish in the '70s as "liberal" is in the '80s.

By 1983, however, Kühn had become convinced that fusion had no future. Bored with it in any case, he sold his keyboards. "It's been getting worse and worse," he says now. "Fusion musicians are totally interchangeable. Electricity allows no individuality, you can change drummers and nobody knows the difference. The music has no personality. It's not even really about music anymore. Some of the musicians may not even be aware of it,



Pianist Joachim Kühn: "I wasn't always going in a straight line."

they can't afford to admit it to themselves. It's all about selling more records and filling bigger halls. It's about money. It's sick." Work dwindled alarmingly after he turned off the switches and pulled the plugs. He came back to Europe, where there was still some demand for creative acoustic music. The West German Goethe Institute sent him to tour in Asia and Africa. Bechstein provided him with concert grands — even shipping one to Australia — in return for his endorsement. He has written ten classical compositions and performed them — usually with Rolf conducting — in West Berlin, Cologne and Hannover. There is a Bechstein in his home in a comfortable Paris suburb. Last month he performed a series of solo concerts in Mexico and Columbia.

Solo piano concerts do not make him particularly nervous; he's been doing them since the age of 6 after all. He likes being responsible for nobody but himself on the road, and having nobody else to pity, and the form allows maximum musical freedom. He wrote and performed solo piano music for "Dark," a ballet on which he collaborated with

the dancer-choreographer Carolyn Carlson earlier this year at the Théâtre de la Ville in Paris. "Dark" combines the best of acoustic and electronic worlds. Written and improvised notes were fed into a digital board operated by his old friend, the violinist and sound engineer Walter Quintus, who "treated" them back to Kühn who then reacted to the reaction. So there was the warmth of the Bechstein plus the flexibility of a synthesizer. The dancers interacted with both parts and the sum of the parts.

"It was a real adventure," he says. "We never knew what was going to happen next."

Kühn is one of those rare improvisers who makes it a point to listen to his old records, which invariably involves listening to old mistakes.

"I've been getting better and better and better, that's for sure," he says. "But going through all my 140 albums chronologically can mean real suffering. I wasn't always going in a straight line."

Saturday, Kühn gives an improvised solo recital in La Cigale, 120 Boulevard de Rochechouart, in the ninth annual Paris Jazz Festival.



“I ENJOY WORKING AND I LIKE BREAKFAST BUT I NEVER MIX THE TWO.”

I've always wondered how people can talk about business when what they're really concentrating on is getting the right amount of butter on their toast.

To me a working breakfast, or one that works for me, is a breakfast that gives me time to compose myself and relax before the day begins.

This morning was perfect. I told the waiter when I had to leave, everything came in plenty of time without my having to ask for it and I didn't have to talk to another soul until I'd finished.

By the time I'd left the Marriott I was ready for anyone.

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TUESDAY, NOVEMBER 1, 1988

WALL STREET WATCH

Experts Fear That Market Lacks Underlying Strength

By FLOYD NORRIS
New York Times Service

NEW YORK — It takes more than takeover stocks to make a strong stock market, and some analysts are starting to worry that this market has little else to offer.

Those concerns were intensified last week when the Dow Jones industrial average fell 1.5 percent, its worst weekly performance in more than two months, despite the flurry of takeover action and speculation.

In terms of the major averages, that decline came after the market had reached its highest levels in a year. The Standard & Poor's 500-stock index and the New York Stock Exchange composite average had even climbed above their levels of Oct. 16, 1987, the Friday before the crash.

Various market barometers, however, indicate that a sharp fall is not inevitable.

That line, using Jan. 1 as a zero base, is formed by adding to the day's figure the number of stocks that rose each day, and subtracting the number that fell. It rises if most stocks go up on most days, but lately that has not been happening.

The advance-decline line hit its high for the year so far in March, at a time when the Dow climbed to 2,087, then a post-crash high. The Dow reached higher levels in April, July and again this month, but each high on the average was matched by a smaller and more anemic rise in the advance-decline line.

"Virtually every major stock market decline has been preceded by a significant divergence between the popular averages and the advance-decline line," Mr. Mendelson said.

He noted that this divergence dates from March and is thus several months old, the same period of time between the peak in breadth in the spring of 1972 and the big bear market that began in December of that year. In 1987, the advance-decline line peaked in March, while the market averages kept climbing until August, a five-month lag.

TODAY'S takeover stocks may simply be a distraction from underlying market weakness, Mr. Mendelson said, much as the "Nifty 50" were in 1972. Those stocks, favorites of the era such as Xerox and Avon, rose ever higher late that year as money managers concluded that they would keep on climbing. Their ascent masked weakness in many other issues. When the market fell, the Nifty 50 were among the hardest hit.

If last week's slippage in the advance-decline line continues to the point where the figure falls below the low reached on Sept. 1, Mr. Mendelson said, "it would be a serious negative development for the stock market."

The NYSE advance-decline line is not the only measure of market weakness. Neither the NASDAQ composite average nor the American Stock Exchange market-value index rose to new 1988 highs in October, and the breadth picture in those markets is even grimmer than the one on the New York Stock Exchange.

The barometer is not necessarily forecasting a sharp fall, however. Anthony W. Tabell, managing director of Delafield, Harvey, Tabell Inc., sees parallels to the bull markets that began in 1946 and 1978. Both saw poor market breadth the first year, and were followed by lackluster markets. He sees a pattern for some time "in which the market essentially goes nowhere."

Sears To Sell Tower

Firm to Buy Back 40 Million Shares

Compiled by Our Staff From Dispatches

CHICAGO — Sears, Roebuck & Co., struggling to improve a lackluster earnings record, announced a restructuring Monday that includes the planned sale of the Sears Tower, the world's tallest building, in what would be one of the largest real estate transactions ever.

Sears, the world's largest retailer, said it would take a fourth-quarter aftertax charge of \$425 million for expenses related to inventory costs, expected office relocation expenses and other organizational changes.

The company also said it would sell its Coldwell Banker commercial real estate subsidiary and buy back as many as 40 million, or about 10 percent, of its shares outstanding. That would cost more than \$1.6 billion at current prices.

Sears has been the subject of takeover rumors recently because of its lagging share price and under-performing divisions.

The company was expected to take some action to improve the value of its stock after it announced last week that third-quarter profit fell 16 percent to \$342 million, the third consecutive quarter that earnings had declined.

It attributed the results to flat merchandise sales and intense competition. Sears Merchandise Group has steadily lost market share in recent years as it tried with little success to update the 102-year-old company's image.

Sears stock fell \$1.875 to \$41.75 a share Monday on the New York Stock Exchange after the restructuring was announced.

The company gave no asking price for the Sears Tower, its headquarters. But analysts have estimated that it could be sold for up to \$1.8 billion. The tower, built in 1974, rises 110 stories, or 1,450 feet (440 meters), from the grid of Chicago's Loop business district.

Edward Brennan, Sears' chairman and chief executive officer, said the structure would continue to serve as headquarters for the company, although the 8,000-employee merchandise group would be moved to smaller facilities over the next several years.

(AP, Reuters)

Competition Stiffens for Perrier

As in Europe, Rivals Begin Push in U.S.

By Steven Greenhouse
New York Times Service

PARIS — Gustave Leven, the white-haired chairman of Source Perrier SA, has turned Perrier — the sparkling water sold in little pear-shaped green bottles — into a chic beverage among America's smart set.

Now he hopes to extend that success, converting the United States into a nation of mineral water drinkers.

But as it tries to broaden its market in the United States, Perrier faces tough new competition, not unlike the rivalry at home that has eaten into a market that once seemed its own. Once the runaway market leader, Perrier has found that strong rivals such as Badoit are closing in.

Perrier is still far and away the No. 1 bottled water company in the United States, thanks to several recent acquisitions. Its aim now is to double bottled water consumption there by 1993.

Americans drink about 15 quarts of bottled water per person annually, the French consume about 65.

The stakes are considerable. If it meets its goal, Perrier estimates, its U.S. water sales could reach \$1 billion by 1993, in a market that is expected to grow to \$4 billion by then.

That would give a further boost to a company whose shares have already risen sharply on a wave of speculative buying. Perrier shares closed last Friday at 1,276 francs each on the Paris Bourse, a month earlier, they stood at 1,195.

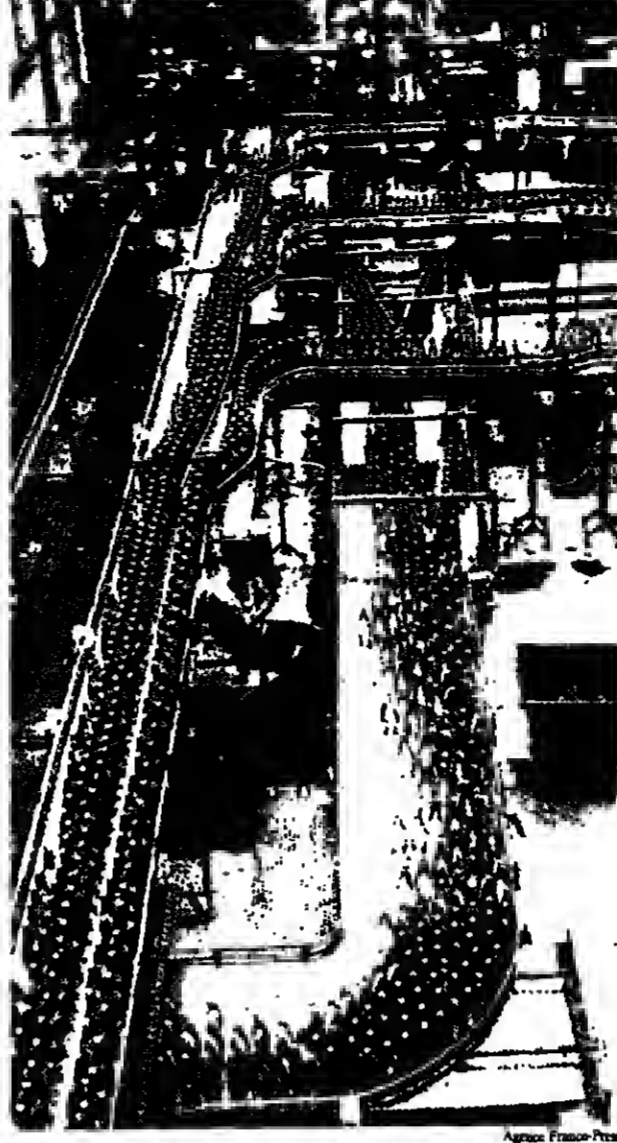
But putting spring water from the hills of southern France, Arkansas or Maine in American refrigerators, picnic baskets and offices will be no easy feat.

For one thing, many Americans view bottled water as a byproduct of the Palm Springs elite rather than middle America.

In addition, Perrier's two main rivals in Europe — BSN with Evian and Nestlé SA with Vitell — are now trying to elbow their way into the U.S. market.

Nor are PepsiCo Inc. and Coca-Cola Co. sitting on their hands. Both have recently acquired bottled water companies to test the market.

"Pepsi and Coke are in it in a



Perrier's bottling operation in Vergèze, France.

very small way right now, but they might get into it in a much larger way some day," said William Deaf, executive director of the International Bottled Water Association, a trade group in Virginia.

While Perrier charges ahead in the United States, it seems to be sliding backward at home. Perrier's sparkling water has been losing share to BSN's sparkling water, Badoit.

Meanwhile, Perrier's leading still, or carbonated, water, Cooxville, has lost sales to Evian and Vitell. Some consumers say Cooxville has too many minerals.

In addition, financial analysts have repeatedly criticized Perrier for its small profit margins, and there are recurring rumors that suitors are jockeying to take over Perrier once Mr. Leven retires.

"When you talk about Perrier, you are talking about a legend," said Sylvain Massot, an industry analyst with UBS/Phillips & Drew, a London brokerage.

"Mr. Leven is a genius," she said. "He has done tremendously in marketing. But the problem that Perrier faces is that he is getting a bit old and it is not clear who is going to replace him."

Preaching the benefits of mineral water has made Mr. Leven rich. He owns almost 20 percent of Perrier, which sold 4 billion bottles of water in 125 countries last year.

Its revenues have rocketed. See PERRIER, Page 15

Kraft Price Rises As \$13.5 Billion Deal Is Agreed

By Robert J. Cole
New York Times Service

NEW YORK — Kraft Inc. shares surged more than \$7 Monday after the food giant agreed to a sweetened, \$13.5 billion cash takeover offer from Philip Morris Cos., the tobacco and food conglomerate, marking the biggest merger agreement in corporate history.

Kraft's stockholders will get \$106 a share under the deal announced late Sunday, and the shares Monday moved close to this level. They advanced \$7.125 to close at \$103.625 on the New York Stock Exchange.

The combined company would knock Unilever, the British-Dutch group, out of first place as the world's largest producer of consumer goods.

An even bigger deal, the \$20.3 billion offer made by Kohlberg, Kravis, Roberts & Co. for RJR Nabisco Inc., is still under negotiation.

In Tokyo, Japanese banking sources told Reuters that 14 Japanese banks had joined a syndicate headed by Citicorp to finance the Philip Morris takeover. Of the total \$12 billion credit line Philip Morris has set up with the syndicate to buy Kraft, about \$1.95 billion will be put up by the Japanese banks, the sources said.

Making the announcement with Kraft, Hamish Maxwell, chairman and chief executive of Philip Morris, said, "As we have stated from the outset, we believe the combination of Philip Morris and Kraft will create a U.S.-based food company that will compete more effectively in world food markets."

John R. Richman, chairman and chief executive of Kraft, said, "Our shareholders are receiving full value, and this merger is the best possible outcome for our employees, customers and the communities in which we operate."

Philip Morris is the maker of Marlboro cigarettes, Miller beer, Maxwell House coffee and Ronzoni spaghetti, among other products. In addition to Kraft cheeses, including Philadelphia brand cream cheese and Velveta, Philip Morris will now add such other well-known Kraft brand names as Sealtest ice cream, Parkay margarine, Light O' Livey yogurt and Miracle Whip salad dressing.

At the close in New York, the dollar rose to 1.7863 Deutsche marks from 1.7728 DM at Friday's close. It advanced to 125.675 Swiss francs from 1.4936.

The British pound fell to \$1.7685 against the firming dollar, from \$1.7715 on Friday, while the U.S. currency advanced to 6.0975 French francs from 6.0358.

In Europe, the dollar had been sliding on renewed worries about the U.S. trade deficit and jitters before the Nov. 8 presidential election.

The Fed first intervened as the dollar dropped to 124.80 yen, its lowest since June 10, dealers in London said. It again bought dollars as the U.S. currency rose up through 125 yen and was in the market a third time in the New York morning session, paying 125.40 to 125.50 yen, U.S. dealers said.

The Bank of Japan, which intervened last week to support the dollar against the yen in a move seen as ensuring a controlled slide in the U.S. currency, was also reported in the market again Monday.

Dealers said the dollar's tone remains bearish, but added that it seemed likely that the Fed would

Stockholders who have owned Kraft shares for as little as two weeks will profit greatly from their investment: Kraft stood at \$60.125 a share when Philip Morris first offered to buy the company on Oct. 17, for \$90 a share, or \$11.5 billion in cash.

Kraft executives and employees may not see very much change in the combined company, except for the new ownership.

Mr. Richman will remain Kraft's chairman and also become a Philip Morris vice chairman. Michael A. Miles, Kraft's president and chief operating officer, will remain president of Kraft and take on the additional role of chief executive officer, continuing to report to Mr. Richman.

Kraft's enormously valuable name will survive as a subsidiary of Philip Morris.

Philip Morris touched off a major Wall Street rush to buy shares in food companies with its initial \$11.5 billion bid. But within a week Kraft's directors rejected the \$90-a-share offer and proposed instead a complex dividend package that it valued at \$110 a share.

The package called for investors to get \$84 in cash plus \$14 in high-yield securities known as junk bonds. Stockholders would also

See KRAFT, Page 13

Fed Buying Reverses Dollar's Fall

Reuters

NEW YORK — The dollar reversed sharply Monday, turning a steep early loss into gains against most currencies, after the Federal Reserve Board, the U.S. central bank, intervened repeatedly during European trading.

Some dealers suggested that the Fed action, which supported the dollar against the yen, was aimed at pushing the U.S. currency higher rather than merely smoothing out its decline. In European trading, the dollar had plunged to four-month lows before recovering.

At the close in New York, the dollar rose to 1.7863 Deutsche marks from 1.7728 DM at Friday's close. It advanced to 125.675 Swiss francs from 1.4936.

The British pound fell to \$1.7685 against the firming dollar, from \$1.7715 on Friday, while the U.S. currency advanced to 6.0975 French francs from 6.0358.

In Europe, the dollar had been sliding on renewed worries about the U.S. trade deficit and jitters before the Nov. 8 presidential election.

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See DOLLAR, Page 15

Currency Rates

Table with columns for Cross Rates, Currency, and various exchange rates for major currencies like the Dollar, British Pound, Swiss Franc, etc.

Other Dollar Values

Table listing values for various currencies such as Argentine, Australian, Canadian, etc., relative to the US Dollar.

Forward Rates

Table showing forward rates for various currencies and time periods.

Interest Rates

Table detailing interest rates for various currencies and deposit types.

Key Money Rates Oct. 31

Table listing key money rates for US, UK, and other major currencies.

U.S. Money Market Funds

Table showing performance metrics for various US money market funds.

Gold

Table listing gold prices in various international locations like Hong Kong, London, etc.

Seoul Arrests 6 on Stock Malpractice

Compiled by Our Staff From Dispatches

SEOUL — South Korean state prosecutors arrested six people Monday in a major crackdown on stock price manipulation involving investigations into 25 securities firms, officials said.

The six, including dealers on the Seoul Stock Exchange and officials of Daewoo Securities Co. and Shinyoung Securities Co., were charged with breach of trust and breaking securities laws.

The prosecutors charged three postal workers from the exchange and three employees of securities firms, including two from Daewoo Securities Co., for allegedly manipulating prices. All six were remanded in custody.

A further six people were charged with similar offenses but were released, officials said.

The prosecutors accused the six of making 400 million won (\$563,000) in illegal profits from stock deals. They alleged that some of the six leaked crucial market information to their relatives, while others used inside information to make profits for their own accounts.

They were accused of altering stock transaction times to take advantage of rising prices while allocating stocks whose prices were falling to ordinary investors.

Dealers said the arrests had little impact on the market, because the malpractice, though never before prosecuted, was an open secret among many investors. The composite index, the exchange's barometer, fell 10 points to 730.9 shortly before closing Monday on modest turnover.

The fall reflected nervousness about a government plan announced on the weekend to ban the use of investor aliases from 1991, dealers said.

A South Korean newspaper said the arrests would heighten public distrust of the market by highlighting "structural malpractices" involving collusion between postal workers and securities dealers.

The Chung Ang newspaper demanded that the investigation be expanded to cover rumored cases of market manipulation by institutional and other large investors to raise political funds during the tenure of former president Chun Doo Hwan.

The Seoul stock market, capitalized at about \$63 billion, is largely closed to foreign investment. The government plans to open the market to direct foreign investment by banning the use of trader aliases.

(AFP, Reuters)

Brazil Scrambles to Control Deficit and Inflation

By Alan Riding
New York Times Service

RIO, DE JANEIRO — Under attack from labor groups and business organizations, the Brazilian government is scrambling to find new ways of controlling its huge budget deficit to prevent the economy from being consumed by hyperinflation.

The October inflation rate of 27.25 percent was the highest monthly rate ever recorded here, and an inflation rate of 532.3 percent for the first 10 months of the year is also a record. The inflation rate for 1988 is now expected to reach 900 percent.

"We already have the first signs of hyperinflation," said Antonio Delim Neto, the chief economic policy maker in the military regime that left office in 1985. "The government is having trouble rolling over its internal debt; savings are being withdrawn, and there's a surge of sales."

In recent weeks, Brazilian investors have also moved rapidly out of cruzeiros, the local currency, into dollars and gold. In October, the price of a dollar on the black market jumped to 770 cruzeiros, from 535, while the free-market price of a gram of gold went to 9,720 cruzeiros, from 6,630. The official value of the dollar on Friday was 463 cruzeiros.

Although the effect of the economic turmoil is so far principally being felt at home, it is causing concern abroad, not only because

many large multinational corporations conduct business in Brazil but also because the country's \$120 billion foreign debt is the largest in the developing world.

Brazil recently coded an 18-month suspension of payments to its commercial bank creditors in a

unions, which is vaguely modeled after a so-called economic solidarity pact that has lowered inflation in Mexico, will ease inflationary pressures by eliminating the race between prices and wages.

But many economists in the private sector and in the government

contend that an accord between management and labor will have a minimal effect on inflation unless the Sarney administration moves at the same time to slash its expenditures. They believe the pact should include commitments by the government.

Sharp differences within the administration, as well as strong resistance from civil service unions, many of which are striking for higher wages, have so far prevented the government from carrying out many of the austerity measures it has announced over the last year.

This month, for example, two powerful members of the cabinet, Antonio Carlos Magalhaes, the minister of telecommunications, and Aureliano Chaves, the minister of mines and energy, ignored call-

Advertisement for DCNY Corp. Discount Corporation of New York, featuring a testimonial from Frank A. Bennack, Jr. and contact information for the company.

Advertisement for Audemars Piguet Automatic Chronograph watches, featuring an image of a watch and the brand's slogan 'La plus prestigieuse des signatures.'

NYSE Most Actives table with columns for Vol, High, Low, Last, Chg.

Market Sales table with columns for NYSE 4 p.m. volume, NYSE prev. close, etc.

NYSE Index table with columns for Composite, Industrials, Utilities, Finance.

Monday's NYSE Closing logo with text 'Via The Associated Press'

AMEX Diary table with columns for Class, Prev.

NASDAQ Index table with columns for Composite, Industrials, Utilities, Finance.

AMEX Most Actives table with columns for Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Bonds, Utilities, Industrials.

NYSE Diary table with columns for Advanced, Declined, Unchanged, Total Issues.

Odd-Lot Trading in N.Y. table with columns for Buy, Sales, *STRT.

Dow Jones Averages table with columns for Industrials, Transp., Utilities, Finance, SP 500.

Standard & Poor's Index table with columns for Industrials, Transp., Utilities, Finance, SP 500.

NASDAQ Diary table with columns for Advanced, Declined, Unchanged, Total Issues.

AMEX Stock Index table with columns for High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices with columns for 12 Month High, Low, Stock, Chg., Vol, PE, etc.

N.Y. Stocks Little Changed

NEW YORK — Prices on the New York Stock Exchange closed little changed to slightly lower Monday in moderate trading amid investors' concerns about the future financing of leveraged buyouts and acquisitions.

Large table of stock prices with columns for 12 Month High, Low, Stock, Chg., Vol, PE, etc.

QUARTERLY DIVIDEND 50¢ per common share. PAYABLE: DECEMBER 15, 1988. RECORD: NOVEMBER 18, 1988. DECLARED: OCTOBER 26, 1988.

Table of stock prices with columns for 12 Month High, Low, Stock, Chg., Vol, PE, etc.

INTERNATIONAL MERGERS AND ACQUISITIONS 1990's in the. A major international conference sponsored by the International Herald Tribune and Skadden, Arps, Slate, Meagher, and Flom. LONDON, NOVEMBER 10, 1988.

Large table of stock prices with columns for 12 Month High, Low, Stock, Chg., Vol, PE, etc.

Monday's NYSE Closing

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Table with columns: High, Low, Stock, Div. Yld. PE, High, Low, Stock, Div. Yld. PE. Lists various stocks and their prices.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Oct 31, 1988

The market symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (m) - monthly.

Large table listing various international funds with columns for fund name, ticker, price, and other details.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

(Other Earnings on Page 12)

Table with columns: Date, General, General Motors. Lists company results for General Motors.

Table with columns: Date, Delta Air Lines, Interlake. Lists company results for Delta Air Lines and Interlake.

Table with columns: Date, Donnelly P.R., International Flavors. Lists company results for Donnelly P.R. and International Flavors.

Table with columns: Date, Empire of Am. Fedrid, Kemper. Lists company results for Empire of Am. Fedrid and Kemper.

Table with columns: Date, Leggett and Platt, McDonnell Douglas. Lists company results for Leggett and Platt and McDonnell Douglas.

Table with columns: Date, Eselle Bus. Sys., Notco Chemical. Lists company results for Eselle Bus. Sys. and Notco Chemical.

Table with columns: Date, Fiat Chrysler, Harco. Lists company results for Fiat Chrysler and Harco.

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THE BELLE EPOQUE IN THE PARIS HERALD by Hebe Dorsey. First hand reports of the glitzy, glamorous lives of turn-of-the-century international society and the events that influenced their lives.

Long-time Trib fashion editor, Hebe Dorsey went into the archives of the old Paris Herald (original name of today's Trib) and collected the great news stories of the turn of the century...

Order form for 'The Belle Epoque' book, including fields for name, address, city, and payment method.

Monday's NYSE Closing

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U.S. Futures

Via The Associated Press

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg.

Grains

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg.

Food

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Metals

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Livestock

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Currency Options

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg.

Stock Indexes

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Market Guide

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Dividends

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London Metals

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London Commodities

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Spot Commodities

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U.S. Treasuries

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Auto Life & Casualty

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NYSE High-Lows

NEW HIGHS 24

Table with columns: Stock Name, High, Low, Change.

NEW LOWS 15

Table with columns: Stock Name, High, Low, Change.

AMEX High-Lows

NEW HIGHS 9

Table with columns: Stock Name, High, Low, Change.

NEW LOWS 15

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PHILADELPHIA EXCHANGE

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The perfect gift for almost anyone... including yourself. Please allow 30 days for delivery.

Form for ordering the diary, including fields for name, address, phone, and payment method.

Source: AP, S&P 100 Index Options, etc.

BUSINESS ROUNDUP

Budget Rent-A-Car to Be Bought Out

Compiled by Our Staff From Dispatches

CHICAGO — Budget Rent-A-Car Corp. will be acquired for \$333 million by an investment group led by Gibbons, Green and Amerongen Ltd. and Budget's management in a deal financed primarily by Ford Motor Co., officials said Monday.

Budget, the third largest rental car company in the United States and the only one still publicly held, said that Beech Holdings Corp. would pay \$30 a share for the Chicago-based company's 11.1 million shares outstanding.

Budget shares rose \$10 Monday in over-the-counter trading to \$27.125.

The deal was struck Sunday in New York, a Budget spokeswoman, Jody Wilson, said.

This will be the second time in two years that Budget has been taken private by Gibbons, Green and Budget's management. Budget went public in May 1987 at \$14 a share. It was previously held by Transamerica Corp., which sold Budget in 1986 in a leveraged buyout to Gibbons, Green and Budget's senior management.

Budget will be merged into a subsidiary of Beech Holdings, a newly formed corporation. Beech's voting nonparticipating common equity will be owned by the Fulcrum II limited partnership, in

which Gibbons, Green is general partner.

Budget said its present management group would invest in voting participating preferred stock and would continue to run the company.

The acquisition will be financed primarily by Ford through an investment in nonvoting preferred stock of Beech Holdings. In return, Budget and Ford have signed a long-term supply contract continuing their existing supply relationship; it was not immediately clear whether Ford would supply more cars to Budget under this contract. More than 60 percent of Budget's cars come from Ford.

The amount of Ford's investment was not disclosed, and a spokesman did not know how much of Beech Holdings would be owned by Ford through its preferred stock holdings.

Neither Ford nor Budget officials could immediately comment on whether Ford's interest in Budget might pose an antitrust problem.

Budget reported a 57 percent advance in third-quarter earnings, to \$8.8 million from \$5.6 million in the third quarter of 1987. Revenues rose 32 percent to \$152.1 million, from \$115.6 million in the same 1987 quarter.

Budget ranks behind the No. 1 rental-car group, Hertz Corp., and Avis Inc. Ford already has a stake in Hertz, and earlier this year arranged the sale of a 20 percent stockholding in the company to a U.S. subsidiary of Volvo AB of Sweden.

(AP, Reuters)

Pension Funds Reluctant Players in KKR Bid for Nabisco

By Anise C. Wallace

New York Times Service

NEW YORK — Most of the cash behind the \$20.3 billion buyout offer for RJR Nabisco Inc. will be provided by the retirement funds of Coca-Cola Co., Georgia-Pacific Corp. and United Technologies Corp.; the endowment funds of the Massachusetts Institute of Technology and Harvard, and the pension funds for state employees of New York, Iowa and Michigan, among others.

These investors along with some banks will be providing about \$2 billion of the total buyout cost. The actual investment by each partner varies. The rest of the money needed for the buyout will come from bank loans and bondholders.

Although the organizations are not prohibited from backing unsolicited takeover attempts like the one being made by Kohlberg, Kravis, Roberts & Co. for RJR Nabisco Inc., the use of their money in this deal could embarrass the investors. These executives and officials may not want to be viewed as threatening the management of one of the best-known companies in the United States.

"Hostile deals bother us — sure they bother us," said Robert A. Bowman, state treasurer of Michigan. His state retirement fund is a participant in the deal.

"We're invested in this deal whether we like it or not," he said. "If this becomes the standard deal, I think all the investors would get nervous."

The identities of investors in partnerships like the Kohlberg, Kravis fund is typically considered a private matter. State laws in Delaware, where the partnership is on file, do not require that the names be made available to the public. However, a list of the partners in this fund was made available to The New York Times by one of the investors involved.

Among the more than 70 partners in the buyout fund are two of RJR Nabisco's corporate neighbors in Atlanta — Coca-Cola and Georgia-Pacific.

Over the weekend, officials at Georgia-Pacific confirmed that their pension fund was a partner in the buyout fund. But John F. McGovern, senior vice president for legal affairs, declined to comment on the company's policy toward using pension assets to finance unwelcome takeovers of other companies.

Randal W. Donaldson, manager of media relations for Coca-Cola, explained that his company's pension fund

made the commitment to Kohlberg, Kravis at the same time that Coca-Cola bought a subsidiary of Bestrice Cos., an earlier leveraged buyout financed by Kohlberg, Kravis. "We have made no additional commitments to that pool, and we have no voice in how those funds are utilized," he said.

In addition to Coca-Cola and Georgia-Pacific, other companies that have committed a portion of their pension

Last week a number of officials and state retirement funds expressed uneasiness about the buyout firm's latest strategy. While they are closely watching the battle, none of the officials said they would refuse to provide the capital for the buyout of RJR Nabisco.

Some said they might have problems with the investment because RJR Nabisco has operations in South Africa. Many state retirement funds have a policy requiring that no investment be held in companies that do business there.

Under the terms of Kohlberg, Kravis buyout partnerships established in the early 1980s, the partners' funds could not be used in hostile takeovers. The idea was to make a friendly offer to the management, which they hoped would continue to run the company after it was taken private. But the 1987 fund contains no such prohibition.

Although Kohlberg, Kravis's offer for RJR Nabisco is conditioned on approval by the company's board, it has not been welcomed by F. Ross Johnson, RJR Nabisco's chief executive, who has said he wants to lead his own team of investors in a buyout of the company.

The list of partners in the Kohlberg, Kravis buyout fund is impressive, including names of some of the country's largest corporations, its most prestigious educational institutions and some of the largest banks in the world.

Among the educational and nonprofit organizations that are backing the buyout fund are Harvard University, the Massachusetts Institute of Technology, Swarthmore College and the Salvation Army. Also included as equity investors are several domestic and overseas banks.

Last week Alan Greenspan, chairman of the Federal Reserve, in a letter sent in a congressional committee, raised the question of whether banks might find themselves overexposed after investing in these huge deals if a recession occurs.

Among the banks participating in the Kohlberg, Kravis fund are Bankers Trust Co., Bank of New York, Chase Manhattan Bank, First National Bank of Chicago, Manufacturers Hanover Trust, Security Pacific and Wells Fargo Bank.

Foreign institutions include Canadian Imperial Bank, Industrial Bank of Japan, Mitsui Life, Mitsui Trust and Nippon Credit of Japan, British Telecom and Credit Agricole of France.

Unilever Buys SCM Unit From Hanson of Britain

Reuters

LONDON — Unilever PLC, the British-Dutch foods and consumer goods conglomerate, agreed Monday to buy Durkee Industrial Foods Corp. from a U.S. unit of Hanson PLC for a total of \$185 million.

Durkee, a maker of specialty oils, bakery and confectionery products for the food service and processing industries, was acquired by Hanson, the aggressive British company known for its U.S. takeovers, as part of Hanson's purchase of SCM Corp. in 1986.

Hanson paid \$930 million for SCM. The Durkee deal means that Hanson has now realized approximately \$1.2 billion from the sale of SCM businesses.

The transaction comes at a time of intense takeover and buyout activity in the food business, particularly in the United States, which is driving up prices of food stocks and making big multinational groups even bigger.

Unilever said it was buying Durkee through its U.S. holding company, Unilever United States Inc. Durkee had operating profit of about \$11.1 million on sales of \$174 million for the year ended Sept. 30, 1987, Unilever said.

Hanson has followed a similar strategy with another major recent U.S. acquisition, of Kidde Inc. It bought the group for \$1.6 billion last year, and since has sold off several Kidde businesses.

KRAFT: Stock Soars as \$13.5 Billion Takeover Is Set

(Continued from first finance page) have kept their shares, which Kraft maintained would have sold for around \$12.

The three pieces together consequently were valued at \$110, Kraft contended. Wall Street professionals, who bought the stock all the way up to \$102.875, watched the price in amazement last Tuesday as it ended the session at \$102 — up \$10 for the day. Clearly, they thought, Philip Morris would bid far more.

But instead of continuing to bid, Mr. Maxwell attacked the "feasibility" and "the real value" of Kraft's dividend package.

As relations between the two seemed to cool, at least from a public perspective, Mr. Maxwell studiously gave no hint as to what his next step might be; no price increase seemed to be in the cards and traders seemed disheartened.

Some arbitrageurs complained

that Philip Morris was trying to "talk the stock down." Speculation advanced by the Philip Morris camp implied that, if Kraft continued to resist, Philip Morris might begin looking at other food companies. By last Thursday, Kraft's stock had fallen by \$3, to \$94.50.

Kraft's stock jumped \$2, to \$96.50, on Friday with traders expecting some development. Philip Morris's directors had voted unanimously last Wednesday to authorize Mr. Maxwell to negotiate with Kraft.

Shortly after the close of the exchange Friday, advisers to the companies set the deal in motion.

Philip Morris said it was prepared to make an offer for Kraft that was at least as good as the current value of Kraft's complex \$110 package.

No numbers were mentioned, people close to the situation said. But both sides felt secure enough

for Mr. Maxwell to hold secret negotiations with Mr. Richman.

Mr. Maxwell's first real offer, according to those at the scene, was \$104; Mr. Richman said he thought that \$106 was "more like it." Mr. Maxwell said \$104.50; Mr. Richman stuck to \$106, Mr. Maxwell came up \$1, to \$105.50.

On the basis of Kraft's 127.4 million shares on a fully diluted basis, even a rise of 50 cents would cost Philip Morris another \$64 million.

Eventually, Mr. Maxwell, smiling broadly, stuck out his hand to shake on the deal and said, \$106.

Mr. Maxwell said in an interview Sunday that, in addition to the \$12 billion credit, Philip Morris's cash hoard will have grown to more than \$2 billion by the time the deal is completed next month. He said the additional money was coming from strong European and Asian cigarette sales.

Bid Battle for Nabisco Appears Less Likely

Compiled by Our Staff From Dispatches

NEW YORK — The stock of RJR Nabisco Inc. fell Monday as the prospect of a bidding battle for the food and tobacco giant appeared to recede.

Over the weekend, RJR's financial advisers decided that they were unlikely to match the \$20.3 billion that has been offered by Kohlberg, Kravis, Roberts & Co., people close to the situation said.

The decision suggests that in the next few days, Kohlberg, Kravis will either back away from its \$90-a-share offer or walk away with the prize if it can line up the necessary financial backing from banks.

RJR Nabisco's stock dropped \$1 to close at \$84 a share on the New York Stock Exchange.

Over the weekend Kohlberg, Kravis started to receive the confidential financial information on RJR Nabisco's operations that it

had requested to formulate its buyout deal.

Most important to the company's prospects are its own projections of revenues and profits, people close to the situation said.

Those figures will be essential in determining whether the company could support the more than \$15 billion in debt that would be required in a buyout.

F. Ross Johnson, RJR Nabisco's chief executive, started the bidding process in October when he and his chief financial adviser, Shearson Lehman Hutton, announced that they were contemplating a buyout offer at \$75 a share.

They were clearly surprised by Kohlberg, Kravis's offer. "The \$90 bid changed everything," one source said. He added that Mr. Johnson and Shearson did not believe RJR Nabisco was worth \$90 a share, making the prospect of an immediate counterbid slim.

The strategy of Mr. Johnson and his financial advisers seems to be to see whether Kohlberg, Kravis will attempt to lower its bid once it examines the company's data.

A source close to Kohlberg, Kravis indicated that pulling back seemed unlikely at this point. (NYT, Reuters)

■ RJR in China Venture

R.J. Reynolds Tobacco International Inc. has set up China's first joint tobacco venture with Xiamen Cigarette Factory and Xiamen SEZ United Development Co., the official China Daily reported Monday, according to an Agence France-Presse dispatch from Beijing.

The \$21 million venture, 50 percent owned by RJR, will produce 2.5 billion cigarettes a year when it reaches full operation, including the Camel and Winston brands, the newspaper said.

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CURRENCY MARKETS

DOLLAR: Fed Intervention Helps Currency Recover

(Continued from first finance page)

be ready to intervene whenever necessary in the run-up to the election.

"I can't see the Fed is going to let the dollar fall or fly ahead of the election," said David Deakin, senior foreign exchange manager at EBC Amro Bank in London.

Several dealers said they expected further declines once the election is over.

In Frankfurt, dealers reported a sign of Bundesbank moves to support the dollar and said that was unlikely at current rates.

The dollar closed at 1.7835 Deutsche marks in London, up from 1.7757 DM at the close on Friday, but it eased slightly to 125.55 yen from 125.75.

The British pound eased to \$1.7670 against the firming dollar, from \$1.7693, while the U.S. currency rose to 1.5010 Swiss francs from Friday's 1.4962 and to 6.0850 French francs from 6.0650.

Japanese support for the dollar was modest and had little effect, dealers in London said, but the Fed moves gave the dollar a lift. Most dealers say the Fed mainly hoped to keep any decline in the dollar from damaging the election chances of the incumbent Republican party.

"The rot seems to have stopped for now but the dollar is pointed lower in the longer term," said Tim Fox, economist with Barclays Bank Global Treasury Services.

The bearishness is based on a widely held market belief that whoever wins the U.S. election, little or nothing will be done to correct the huge U.S. budget deficit.

London Dollar Rates

Table with columns: Currency, Min., Fri., and Fri. (continued from previous page)

The easing of any pressure for higher U.S. interest rates and a feeling that the dollar needs to be lower anyway to help close the trade deficit have contributed, they added.

The pound had a quiet day and ended unchanged from Friday's closing 76.4 on its trade-weighted index. Dealers said the pound was unlikely to move much before Tuesday's autumn economic statement by the chancellor of the Exchequer, Nigel Lawson, when he will update economic targets.

Meanwhile, the Canadian dollar dropped sharply on fears that Canada's pro-business Progressive Conservative government was losing support in the campaign for the country's Nov. 21 election.

The currency closed at 81.58 cents to the dollar, down nearly 1.5 cents from Friday's close of 83.04 cents.

Traders in Ottawa said the market was shocked by a series of weekend polls showing a drop in support for the Progressive Conservatives.

Rand Hits Record Lows Against Most Currencies

JOHANNESBURG — The South African rand, under pressure because of the weak world gold price, fell to record lows Monday against most major currencies.

Traders, recognizing that a low gold price depresses South Africa's export earnings, sold the rand down to 4.39 to the British pound, and it plummeted against the Deutsche mark and the yen. Gold closed at \$411.25 an ounce in London on Monday. The rand dropped to 2.49 to the dollar, near its record low of 2.50.

That level was reached in August 1985, just before international banks cut credit lines to the country amid anti-apartheid pressures.

"The rand is in a very vulnerable position following the recent weak performance of the gold price," Trust Bank of Africa Ltd. said in an economic review. "The currency is already under considerable pressure from a weak balance of payments, a worrying decline in the gold and foreign exchange reserve position and very bearish sentiment in general." Gold and foreign currency reserves are at their lowest level since mid-1986.

Rumors swept financial markets on Monday that the government would soon allow a rise in interest rates. There is also speculation of an imminent package of direct import and credit curbs.

Economists said that a capital drain, blamed on low real interest rates, disinvestment and heavy debt repayments to foreign banks, were contributing to the rand's slide.

PERRIER: The Competition in U.S. Begins to Stiffen

(Continued from first finance page)

from \$350 million in 1980 to almost \$2 billion last year, and it still holds about 55 percent of France's bottled water market, with such brands as Perrier, Volvic, St-Yorre and Contrexville.

"Over 40 years, you build something every day, and after 40 years you have something big," Mr. Leven, 74, said in a rare interview.

In early 1946, Mr. Leven's father, the head of a family brokerage firm, asked him to find a buyer for a small spring in southern France that its British owner wanted to sell.

The younger Leven contacted an old family friend, Samuel Bronfman, son of Seagram Corp. of Canada, to ask whether he wanted to add the Perrier spring to his beverage empire.

Mr. Bronfman asked his friend to wait until autumn when he would come to France to visit the spring.

Mr. Leven didn't wait. He visited the famed bubbling spring in the town of Vergèze, whose springs have been known since Roman times, and decided to buy the spring and its bottling operations even though — or perhaps because — they were in such a shambles.

Mr. Leven saw Perrier employees filling the small green bottles by plunging them into the spring by hand. Workers sometimes used their feet to help put the bottle caps on.

Explaining his decision to buy, Mr. Leven said: "When someone is in that condition, you expect to be able to make it better. It was a well-known name with no sales."

Perrier sold 10 million bottles in 1946. By 1952, Mr. Leven and his four partners had boosted sales to 150 million bottles.

He recognized that Perrier had a lot of cachet. Even though its sales were small when he bought it, it was available at most elite bars and hotels in Europe and the United States.

He revolutionized the bottled water business and caught his main competitors, Evian and Vittel, unaware through a device little used in this industry in the 1950s: mass advertising.

By the mid-1970s, Mr. Leven



Gustave Leven, Perrier's chairman and guiding force.

AT A GLANCE Source Perrier SA

All dollar amounts in thousands, except per share data. Exchange rate from franc to dollar as of Oct. 28, 1988.

Financial summary table for Perrier SA with columns for 1987 and 1988 figures.

Stock price, 52-week range: 208-788. Employees, Dec. 31, 1987: 15,000. Headquarters: Vergèze, France. The New York Times, Oct. 28, 1988.

le soared from 3 million bottles a year in 1976 to 200 million in 1979 as Perrier made its mark.

Today, Perrier accounts for 80 percent of the bottled water imported into the United States.

"I thought that Americans would want to drink something without alcohol or sugar," Mr. Leven said. "It exploded much higher than I ever thought."

In 1980, Perrier bought Calisoga in California and Poland Spring in Maine for undisclosed sums.

At that time, Poland Spring was nearly bankrupt with \$4 million in sales, but by 1987 Perrier had pushed its sales to \$80 million.

"I was against buying Poland Spring," said Ronald V. Davis, president of Perrier's U.S. operations. "Lech Walesa and strikes in Poland were on the front page day after day. I was sure everyone thought that Poland Spring came from Warsaw and it would never work."

"But Mr. Leven had such faith in the American market, he said, 'Let's try it,' and he was right."

Mr. Leven continued to show his faith in the American market when Perrier laid out \$450 million last year to buy Beatrice Cos.' huge Ayrshire water division, which had \$220 million in sales.

controlled more than half of the maturing French market and was looking for new challenges. Not surprisingly, he turned to the United States.

Several consulting firms he hired all told him he would be foolish to try to sell sparkling water in a land of Coca-Cola and gin-and-tonic drinkers. He ignored the consultants.

"We hired one man and one secretary in a small room in New York, and we thought we couldn't lose very much," he said.

U.S. sales of the little green bot-

Slight Decline in Treasury Rates Expected, Without Action From Fed

By Kenneth N. Gilpin

NEW YORK — Interest rates on Treasury notes and bonds could move a bit lower, credit market analysts predict, even without assistance of the Federal Reserve Board.

The Fed's Open Market Committee will hold its monthly meeting this week to discuss monetary policy. And, while recent economic data suggest that economic growth is slowing, inflation is still running at a rate rapid enough to rule out any easing in monetary policy, the analysts said.

"The Fed can't ease policy," said Alan Nat, chief economist at Boston Co., "because inflation is still too high. But the economy is looking soft. That indicates no change in Fed policy for the rest of the year, and that a big plus for the fixed-income markets."

Even without a spur from the central bank, some market participants contend that technical conditions and the recent rally in the corporate bond market could continue to benefit Treasury issues.

"That forecast is accurate, the yield curve is short-term and long-term issues will flatten a bit even further, and perhaps become inverted."

"It is pretty clear that the government

bond market, despite all of the concerns about inflation, has the benefit of no event risk," said Neal M. Soss, chief economist at First Boston Corp. He was referring to the fact that government bonds are not subject to takeovers or acquisitions as in the corporate bond market, which has been rattled by the implications of huge takeover bids for Kraft Inc. and RJR Nabisco.

"Because of that risk, capital is being reallocated out of the corporate bond market and into a broad range of other markets, including Treasuries," Mr. Soss said. "Right now yield curves in some countries, like Britain, are inverted. I wouldn't rule out the possibility of an inverted yield curve here."

By the end of last week, the curve at the short end of the market had already become inverted, meaning that investors are more willing to hold two-year maturities, for example, than to invest in the overnight market for federal funds.

By late Friday, the Treasury's two-year 8 1/4 percent notes were offered at a price to yield 8.23 percent. On Monday, the overnight federal funds rate rose to 8 1/8 from 8 1/4 percent, where it had been for several weeks.

Selling pressure on the dollar is likely to

intensify if short-term rates fall much further, however, casting doubt on whether another dip could be sustained.

Strong technical factors continue to bolster the intermediate and long-term sectors of the Treasury market. And, even though the Treasury will announce Wednesday the size of its quarterly refunding auctions, analysts said the new issues should be easily absorbed.

Before the refunding announcement, analysts were projecting that \$26.75 billion worth of new three-year and 10-year notes and 30-year bonds will be sold, beginning Nov. 8.

The estimates are based on the assumption that President Ronald Reagan will sign technical corrections legislation that authorizes the Treasury to sell new 30-year bonds.

"The upcoming supply is not a problem," for the market, said Maria Fiorini Ramirez, a managing director at Drexel Burnham Lambert.

A big reason the new debt is likely to be absorbed with little difficulty is because more government bond dealers are pursuing far smaller amounts of marketable debt.

In 1986, Mrs. Ramirez noted, \$180 billion in Treasury debt was distributed among 40

primary dealers. In the fiscal year ended Sept. 30, by comparison, 44 primary dealers were bidding on \$97 billion of net new marketable debt.

The fact that the Treasury has been barred from issuing new 30-year bonds since May has provided a firm underpinning for the current 9 1/4 percent bellwether issue that matures in 2018. By the end of last week the closely watched bond was offered at a price to yield 8.80 percent, the lowest daily close since it was issued nearly six months ago.

The drop in issuance of new debt is not limited to the government market; supply has also contracted in the corporate, municipal and mortgage markets.

New issuance of corporate bonds, including high-yield, high-risk "junk bonds," totaled \$22.5 billion in 1985, according to Mrs. Ramirez. So far this year, just \$170 billion has been issued.

The figures for 1988 do not include the recent spate of stunning takeover offers, which will largely be financed by high-yield securities. The importance of those offers, most especially the competing leveraged buyout proposals for RJR Nabisco, continue to reverberate through the corporate bond market.

Monday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Table of OTC prices for various stocks, including columns for 12 Month High, Low, Stock, Div., Yld., PE Ratio, High, Low, 4 P.M. Close.

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دعوات الأهل

BOOKS

AN EMPIRE OF THEIR OWN: How the Jews Invented Hollywood

By Neal Gabler. Illustrated. 502 pages. \$24.95. Crown Publishers Inc., 225 Park Avenue South, New York, N. Y. 10003.

Reviewed by Christopher Lehmann-Haupt

PERHAPS the point of Neal Gabler's lively history, "An Empire of Their Own: How the Jews Invented Hollywood," is like the story of the three blind men who tried to describe an elephant. Countless observers have written brilliantly about the tail and trunk of Hollywood, but no book has quite gotten the whole animal that Gabler's does.

The point of Gabler's book is "that the American film industry, which Will Hays, president of the original Motion Picture Producers and Distributors of America, called 'the quintessence of what we mean by America,'" was founded and for more than 30 years operated by Eastern European Jews who themselves seemed to be anything but the quintessence of America."

Gabler, a film critic and teacher who has served as co-host of the Public Broadcasting System's "Sneak Previews" television show, does two significant things with the theory he has identified.

First, he uses it as an organizing principle for a narrative history of Hollywood. Second, he employs it to explain his characters—why they created a Hollywood in the first place, why they made the films they did, why they behaved as they did while making those films.

The first use is successful, on the whole. He traces a handful of Jewish movie moguls throughout their long careers: Adolph Zukor of Paramount Pictures, Carl Laemmle of Universal Pictures, William Fox of the Fox Film Corp., Louis B. Mayer of Metro-Goldwyn-Mayer, Harry and Jack Warner of Warner Brothers, and Harry Cohn of Columbia Pictures. By doing so, he has found a way of telling the whole story that is compact and inclusive.

The second use has both its successes and failures. Gabler persuades us that the Hollywood Jews were driven by "a patrimony of failure," their fathers having by and large been destitute and ineffectual, and that the movie industry attracted them because it presented fewer social and financial impediments and because it demanded the sort of judgments of public taste that people from "fashion and retail" were practiced at making.

On the other hand, his chapter on Hollywood politics, called, somewhat lamely, "Rageous and British Accents" after what Senator Gerald Byrne in a 1941 speech accused the industry of swarming with, is over-detailed and murky. It arrives at the not exactly original conclusion that while the Jewish executives were cowardly, expedient, arrogant, stupid and reactionary in response to the Communist witch hunts after World War II, "they were also in the grip of a deep and legitimate fear: the fear that somehow the delicate rapprochement they had established between themselves and this country would be destroyed, and with it their lives."

Christopher Lehmann-Haupt is on the staff of The New York Times.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Oct. 31

Table with columns for Amsterdam, London, Tokyo, and other markets, listing various stock indices and prices.

Table with columns for Toronto, Montreal, and other markets, listing various stock indices and prices.

CHESS

By Robert Byrne

THE 12th Interpolis International Tournament last month in Tilburg, the Netherlands, was won by Anatoli Karpov in excellent form. The former world champion from the Soviet Union finished the elite double-round competition with a two-point lead over the field and was awarded the first prize of 20,000 guilders (about \$9,800). Second place was captured by the British grandmaster Nigel Short.

In an almost leisurely way, Karpov repulsed an attack by the Dutch grandmaster John Van der Wiel in the ninth round and soon wiped out all resistance by a sharply executed transition to the endgame.

In the popular, flexible Flohr-Zaitsev defense to the Ruy Lopez, marked by 9...Bb7, it had become standard for Black to play 12...Bb6. In playing 12...Qd7, Karpov was looking back to a game between Robert Hübner and Lajos Portisch in Brussels two years ago. Karpov followed this through 16...b3, when, instead of blocking the position with 16...b4! as Portisch had done, he kept a6 open for counterplay open with 16...Qc7.

After opening the b line with 17...bc18 bc, he used moves 18-24 to

mass his forces on the queenside. So intent was he about obtaining active counterplay that he did not hesitate to open the c line with 25...cd1, even though that meant letting the white knights seize outposts with 26 Nod5 and 27 Nf5.

Van der Wiel could not exploit 28...Qb7 by 29 Rb7 because 29...Bc7 30 Ne7 Nd5 31 Nd5 Nd3 32 Qd3 Bc4 costs White material.

After Karpov had secured his position with 32...Rd8, the white pawn could not long be held. Accordingly, Van der Wiel put his faith in a mating attack with 33 Qe4 g6 34 Bc3 dc 35 Qe5. After 35...g7 36 Qf6 Kf8 37 e4, it was not certain that the former champion could not have snatched a second piece with 37...Rd3 — he could have repelled 38 Rb4 by 38...Rd4 and 39 Qe7 Rb3 40 Qe2 47 Rf1 Nd7 48 Rg5 Bf7 49 Qd4 Be2 50 Ra1 Bc4, he would be lost. Karpov's pseudo-queen sacrifice 46...Qc3! ended meaningful resistance. On 47 e, there would have followed 47...Rg3 48 Kh2 Rg2 49 Kh1 Rg5 50 e4 Rf5 51 Rf5 Rf5 52 Be2 Be4.



Position after 53...Rk3, Van der Wiel gave up.

Table with columns for White and Black pieces, listing moves and positions.

Market Closed

The stock market in Paris was closed Monday for a holiday.

IF YOU GET A KICK OUT OF SOCCER, READ ROB HUGHES WEDNESDAYS IN THE IHT

Table with columns for ACROSS and DOWN, listing crossword puzzle clues.

Table with columns for WEATHER, listing high and low temperatures for various regions like Europe, Asia, North America, etc.

Table with columns for JUMBLE, listing scrambled words and their solutions.

Table with columns for SYDNEY, listing various stock indices and prices.

PEANUTS comic strip panels showing Snoopy and Woodstock.

BLONDIE comic strip panels showing Blondie and Dagwood.

WIZARD of ID comic strip panels showing a wizard and a girl.

REX MORGAN comic strip panels showing Rex Morgan and a woman.

DOONESBURY comic strip panels showing Mr. Doonesbury and his friends.

GARFIELD comic strip panels showing Garfield and Odie.

DOG POUND comic strip panels showing a dog and a man.

DOONESBURY comic strip panels showing Mr. Doonesbury and his friends.

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DOONESBURY comic strip panels showing Mr. Doonesbury and his friends.

Large advertisement for Goldstar TVs and VCRs, featuring the Goldstar logo and promotional text.

SPORTS

Out West, It's Still Catch the Swift Lakers

(Second of two parts) By Sam Goldaper New York Times Service

NEW YORK—And the Western Conference winner in the National Basketball Association will be the Midwest Division, it could be the Dallas Mavericks, or the Utah Jazz, or the Houston Rockets or the Denver Nuggets.

All have the necessary ingredients not only to win the title but to challenge the Los Angeles Lakers in the playoffs should they meet.

The Mavericks, deep, talented and experienced, pushed Los Angeles to seven games in the conference final last season.

The Jazz, big and strong, drew national attention in the previous round by beating up on the Lakers with their inside game and outturning them before succumbing in a seven-game series.

While the four teams are expected to beat up on each other all season, Miami and San Antonio, the other division members, figure to be piling up losses.

After having advanced to the conference final for the first time in their eight-year history, the Mavericks left their roster untouched.

Although he acts up every so often, Mark Aguirre remains the acknowledged leader, a role he has held since he came to Dallas for the 1981-82 season.

The Jazz won 47 games last year with an already big front line of Mark Eaton (7-0), Karl Malone (6-9) and Thaddeus Bailey (6-11).

They got even bigger with the addition of 6-11 Eric Leckner, the top draft choice from Wyoming, and Mike Brown (6-10) and Jose Ortiz (6-10), who came in trades.

Malone, fifth in the league in scoring (27.7) and fourth in rebounding (12.0), is getting better. So is John Stockton, the playmaker, who led the league in assists (13.8).

After five seasons of reported turmoil among players and coach, the Rockets will try to start over with Don Chaney, the new coach, and a revamped front line.

Akoem Olajuwon, Ralph Sampson and Rodney McCray, once considered the front line of the future, are no longer together. Sampson was traded to Golden State in mid-season and McCray was dealt to Sacramento between seasons.

In return, Houston came up with what could be another frightful combination of the 7-foot Olajuwon and the 6-11 Otis Thorpe. Olajuwon was the only player in the league to rank among the top 10 in scoring (22.8), rebounding (12.1) and blocked shots (2.71). Thorpe averaged 20.8 points and 10.2 rebounds in Sacramento.

At small forward, Chaney has several choices: the hot-shooting Purvis Short, the experienced Mike Woodson or a young Buck Johnson. When Olajuwon rests, there is Joe Barry Carroll.

The key is Eric (Sleepy) Floyd, a creative guard who can play well when he is happy, which he was not last season. The first-round draft choice, Derrick Chievous, averaged 23.4 points last season at Missouri.

Doug Moe was voted coach of the year when the Nuggets won the division title after many had picked them to finish at the bottom. They won 54 games but were hampered in the playoffs by injuries to Lafayette (Fat) Lever and Jay Vincent.

With the addition of Walter Davis, a six-time all-star with a 20.5-point career scoring average, and barring injury, Denver can repeat as the division champion.

Lever, who underwent off-season knee surgery, is the heart of this talented team. Though only 6-3, he was Denver's best rebounder and posted 11 triple doubles in scoring, rebounds and assists. Then there is the prolific scoring of Alex English, and the surprising 5-9 Michael Adams, who, after being cut by the Bulls and the Kings, set an NBA

record with at least one 3-point basket in 43 consecutive games. Reserve Jay Vincent is a 15.4 scorer, and the top rookie is Jerome Lane, who led the National Collegiate Athletic Association's Division I in rebounding two years ago.

Larry Brown may need every year on his five-year contract to restore the Spurs to their former prominence, although David Robinson may be able to hasten the process when he arrives, perhaps in time for the playoffs.

For now, the Spurs have a fine backcourt in Alvin Robertson and Johnny Dawkins. Greg Anderson, regarded as a project when in the Spurs made him their top 1987 draft choice, blocked 122 shots and was named to the all-rookie team last season. Willie Anderson, a 6-7 swing man and the 1988 top pick, could be another good one.

It will be interesting to see what Brown gets out of Dallas Comegys, who came from the Nets in the Walter Berry trade, and Albert King, traded from Philadelphia.

What is a team from Florida doing in this division? The expansion Miami Heat will do a lot of losing. Along the way Ron Rothstein, whose defensive wizardry was a big plus for the Pistons, will find out if 6-11 Ronny Seikaly is a center or a power forward in the pros and how good Wayne (Pearl) Washington and Billy Thompson really are.

This is a division of haves and have-nots. The haves include Seattle and Portland, which may be

good enough to challenge for a division title elsewhere but here will continue to chase the Lakers.

Phoenix has the nots. Phoenix is rebuilding. Golden State will try to remake a winning team under Don Nelson, back coaching after a one-year absence, and the Los Angeles Clippers will find out if six first-round draft choices in two years can turn a big loser into a winner.

Sacramento, which couldn't win in the Midwest Division, will have the same problems here.

The Lakers fulfilled their coach's guarantee last season and became the first team to win successive titles since the Celtics in 1968 and '69. There were no promises for the coming season from the coach, Pat Riley, or anyone else. But there could be an incentive.

Quietly, the Lakers would like to send Kareem Abdul-Jabbar into retirement with the seventh championship ring. The 7-2 center, who has rewritten the NBA record books during his 30 pro seasons, has announced this will be his final year.

Some of the spare parts are gone — Kurt Rambis, Matt Wagner, Wes Matthews and Billy Thompson — but in their places are Orlando Woolridge, potentially a big scorer, and David Rivers, who is discovering the difference between starring in the Notre Dame backcourt and helping the Lakers.

And the old guard of Abdul-Jabbar, Magic Johnson, Byron Scott, James Worthy, A.C. Green, Michael Cooper and Mychal Thompson is still intact.

Two years ago the Portland Trail Blazers finished 16 games behind the Lakers in the division. Last season, it was nine games.

Under the new ownership of Paul Allen, who made his fortune at the age of 35 in computer software, this is a young, talented team. Terry Porter is an excellent playmaker. Clyde Drexler, who averaged 27 points last season, is a rising star and Jerome Kersey was good enough to displace Kiki Vandeweghe at small forward.

The return of 6-10 Steve Johnson, who missed 39 games with injuries, should help. But the big Trail Blazer star has been 7-foot, 270-pound (122-kilogram) Kevin Duckworth, who went from unwanted second-round draft pick to being named the league's most improved player after averaging 21.4 points and 8.9 rebounds in the last 49 games.

Many of the Sonics spent much of the summer in the California League learning coach Bernie Bickerstaff's new tempo offense, which some have said emulates the Lakers' running game.

Seattle, the only team with three 20-point scorers, has lost Tom Chambers and his 20.4 average. But it still has Dale Ellis (25.8) and Xavier McDaniel (21.4). The Sonics were one of the better offensive rebounding teams in the league last season but one of the poorest on the defensive boards.

Enter Michael Cage, who earns his living rebounding. The 30 he grabbed against the Sonics on the final day of the season enabled him to edge Charles Oakley for the league title, which goes to the player with the highest per-game average.

NBA PREVIEW

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They may not make it again this time but the future would be brighter if they could sign Danny Manning, the first player selected in the draft. No matter what they sign Manning, both he and the Clippers have lost valuable time getting to know each other.

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Benjamin comes to play every night, the Clippers could possibly sneak into the final playoff spot.

The Kings sold out their makeshift arena for every game last season and are close to selling out the new, bigger one. But although the fans are hungry for a winner, they will have to wait. Without Reggie Theus and Otis Thorpe, who averaged 42.4 points, it's difficult to see where the improvement will come from on a team that won only 24 games last season.

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New coach Don Nelson: A mess on his hands at Golden State.

Young Lurches 49 Yards, 49ers Beat Vikes by 3

Compiled by Our Staff From Dispatches

SAN FRANCISCO — Quarterback Steve Young caromed off purple-clad players like a pool ball, spun toward the side of the field, rolled back up the middle and flopped across the goal line, 49 yards from scrimmage, with two minutes left to play in Sunday's National Football League game.

Candlestick Park shook with the roar from 64,517 throats. And the San Francisco 49ers swarmed around their new hero. But Young jugged off the field feeling, oddly, a bit embarrassed.

Young, Joe Montana's eager understudy, prides himself on his legs — thighs as thick as tree trunks, calves like coconuts — and they almost quit on him at the end of one of the most dramatic touchdown runs ever by a quarterback.

He had just enough strength, though, and more than enough willpower, to lurch over the goal line with two minutes left to beat the Minnesota Vikings, 24-21.

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NFL ROUNDUP

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ART BUCHWALD

The Crime Campaign

WASHINGTON — After the presidential election is over, political debts must be paid. The men and women who did the most for their candidates have to be rewarded.



Buchwald

All he had to say was 'death penalty' and the crowds went into paroxysms of joy.

Statue for Press Hero LONDON — John Wilkes, an 18th-century champion of freedom of the press and of American independence, has been commemorated with a statue in London.

Leonard Nimoy: Life After Mr. Spock

By Aljean Harmetz New York Times Service



Nimoy on the "Good Mother" set.

LOS ANGELES — Leonard Nimoy tries to suffocate his joy, to stuff his happiness back into his chest as if it were a quilt being crammed into too small a bag.

etched carefully. But his happiness betrays him. He laughs for no reason, the laughter spilling out like water overflowing a bucket that is too full to contain it.

For years Nimoy had directed in little theaters. He had even directed himself in a one-man show about Vincent van Gogh because a director would have cost \$5,000.

Prince Charles has his critical document on England's post-war architecture but he has won the public's support. A poll in the Sunday Express showed 87.5 percent of those interviewed thought it was right for members of the royal family to speak out on such issues.

The 25th anniversary of the National Theatre was celebrated and the company's new name, the Royal National Theatre, was toasted in London.

An edition of English furniture and paintings, porcelains and silver belonging to Queen Elizabeth II and Prince Philip was sold at Sotheby's with sales of \$11.5 million.

LOW COST FLIGHTS, PERSONAL MESSAGES, ACCESS VOYAGES, MOVING, REAL ESTATE FOR SALE, REAL ESTATE TO RENT/SHARE, REAL ESTATE WANTED/EXCHANGE, EMPLOYMENT, AUTOMOBILES, AUTO SHIPPING, THE EXECUTIVE HOTEL.

INTERNATIONAL CLASSIFIED. A large grid of classified advertisements including real estate, employment, and services across various international locations.

After all... just how much fine COGNAC can ONE family make? Advertisement for Hine Cognac featuring a family portrait and a bottle of cognac.

International Business Message Center. A directory of international business services, including advertising, business opportunities, and office services across many countries.

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